Government
Property
Agency

# GOVERNMENT PROPERTY AGENCY ANNUAL REPORT AND ACCOUNTS 2020-21

(For the year ended 31 March 2021)

HC 278

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# PAT RITCHIE CBE

**CHAIR**

Government Property Agency

Having taken up the role of Chair on the cusp of the coronavirus outbreak, I am immensely proud of what the Government Property Agency and its staff has achieved during what has been a particularly challenging twelve months.

The GPA was set up to manage a single, general purpose estate for the benefit of our client departments; making best use of space, supporting the introduction of smarter working and delivering economies of scale and improved commercial outcomes.

Despite the obvious challenges, this has been a successful year for us. We have adapted quickly to the changes in working practices brought about by the COVID-19 pandemic and we will continue to capitalise on the lessons we have drawn from this time to ensure that our plans for government property remain firmly aligned with the levelling up agenda. We have developed a very clear 10-year Strategy aligned with key government priorities and have already begun to deliver against it. As a result, we have achieved a positive Spending Review settlement for the upcoming financial year to continue to build on the successes of our programmes thus far. As a new Government Agency, we have also worked with our Cabinet Office sponsor on a Tailored Review this year, which strongly supported the vision for the GPA, and helpfully pointed to improvements that we can make.

All of the above has been done with our clients and customers at the forefront of our thinking. We rapidly re-prioritised work to ensure that we could support their changing workplace needs throughout the pandemic and continued to push our internal transformation agenda to focus on targeted improvements communicated to us via our regular engagement with them.

GPA continues to grow and, as we do, we strive to improve our service offering. Through our Onboarding Programme we have grown the size of our estate under management to 707,769m$^2$, which represents 22% of the Government Office Portfolio and have increased our client satisfaction through concerted focus on improving the services that we offer. We continue to listen to our clients, build our capability for the future, and will continue to improve client satisfaction.

I would like to thank my fellow board members, the chief executive and executive team, all my colleagues in the GPA and our partner agencies for their continued hard work as we look forward to delivering on our ambitious programmes in the year ahead.

# STEVEN BOYD MBE
**CEO**
Government Property Agency

As Accounting Officer, I am pleased to present our Annual Report and Accounts, which provide a fair and robust overview of the 2020-21 reporting period.

I am proud to report on how quickly and effectively we responded to the COVID-19 emergency at the start of this period: leading across Government, making buildings safe for some return to the office. Since then we have built on this to lead the Civil Service's move towards a hybrid working approach, and to help our clients in a broader return to the workplace.

As a result of the pandemic, there is uncertainty in our client needs. Responding to this, we have reset our planning assumptions for attendance, reworked our Workplace Design Guide, and taken the opportunity to survey the views of 26,000 civil servants on the experience of working almost entirely at home. This latter research piece with Leesman will stand us in good stead for the future, and positions us very well within the Civil Service as thought leaders in hybrid working.

GPA continues to be a work in progress and we continue to strive to deliver the high levels of service that our clients need. We have agreed improved service level agreements, improved reporting, and we continue to refine the presentation and utility of client financial information. As a result client satisfaction has improved, but we aspire to reach higher standards in the coming year.

Throughout the period we have continued to deliver against our strategic objectives. Income has exceeded expenditure, and through continued progress with our Onboarding Programme we have grown our balance sheet from £313 million to £979 million. In London, the Department for International Trade moved into our newly refurbished London, Old Admiralty Building in April 2021, and we have closed a further 8 offices to accelerate the move to the regions and reduce costs. Across the UK, we have continued to deliver existing hub projects and to plan for more in future years to support our clients' plans to relocate as part of the levelling up agenda. We have made strides to embrace sustainable best practice, with a Net Zero Programme now in place to build on the £3 million worth of interventions we have implemented thus far across the estate. We also have used our commercial acumen to continue to build the benefits delivered to Government, which amount to £506 million to date.

Additionally, we have avoided costs to Government of circa £79 million in supporting the provision of personal protective equipment (PPE) storage efficiencies.

We have continued to develop our processes, have rolled out digital tools and have secured improved commercial support. Despite all the challenges, we have continued to build our culture and way of doing things; we have supported each other, and continued our extensive and regular staff engagement, resulting in an increase in the engagement score for GPA staff of 4 percentage points.

Across the Agency, there has been real progress. We have more to do, but thanks to hard work and commitment across the whole team, we can look forward to next year with confidence. Our agenda is absolutely aligned with that of the Government, and we will continue to build on this.

# PERFORMANCE ANALYSIS

## GPA 10 KEY ACHIEVEMENTS FY 2020-21

- Responded to meet client needs at pace in the COVID-19 emergency.
- More than doubled holdings, increasing property under management to a quarter of the Government Office Portfolio.
- Developed a new 10-year strategy.
- Led the adoption of hybrid working across government.
- Enabled more cost effective storage for personal protective equipment (PPE) and secured property for the UK's COVID-19 very high-throughput laboratory.
- Improved client satisfaction.
- Improved GPA staff engagement.
- Established a GPA Data Warehouse to make actionable data more readily available.
- Agreed with HMT that GPA will be funded directly for Lifecycle Replacement rather than through client departments.
- Secured a significant Spending Review 2020 allocation, enabling confident planning for the future.

# GPA RESULTS AT A GLANCE FY 2020-21

| Metric | Result, % change since last FY (or otherwise indicated) and comparator against targets in Business Plan |
|---|---|
| Number of properties managed by GPA | 200 (+104%) (100% portfolio growth targeted in 20-21 Business Plan, target exceeded) |
| Number of Hubs currently open across the UK | 8 (further 9 announced, 3 of which are in Phase 2 of the Programme being delivered by GPA) - target in Business Plan of announcing 2 further Hubs exceeded |
| Number of Central London buildings closed, generating cost savings | 8 (8 closures targeted in 20-21 Business plan, target met) |
| Number of clients onboarded to GPA | 14 (+75%) ('up to 15' targeted in 20-21 Business Plan, target narrowly not met) |
| Client satisfaction scoring | 5.5 out of 10 (+31% percentage points from baseline of 4.2 at the start of this FY) |
| Benefits delivered since 2017 (£m 20 yr cashable NPV) | 506 |
| Size of GPA managed estate ($m^2$) | 707,769 (+114%) (100% portfolio growth targeted in 20-21 Business Plan, target exceeded) |
| % of government office estate now under GPA control | 22 (+12%) with an 3 % growth on top of this via managed service agreement in place with Defra |
| Value of property assets (£m) | 872 (+304%) |
| GPA operating expenditure (£m) | 482 (+58.3%) |
| Level of vacant space across GPA managed estate (%) | 0.05 (-0.22% points) |
| Investment in building condition (£m) | 20 (static) |
| Staff engagement index (%) | 62 % (+4 % points) |
| Cost avoidance for government through creation of PPE storage solutions by GPA (£m) | 79 (new work this year - PPE storage solutions) |

# INTRODUCTION

GPA's mission is to provide great places to work for Civil Servants. We use our scale and commercial expertise to do this effectively, efficiently and sustainably, helping to support growth across all parts of the UK.

This year we have continued to support our clients through the COVID-19 Pandemic; providing secure working environments for those that cannot work from home and a 'toolkit' for those that can to help maximise productivity and focus on wellbeing. We have also continued to refine our governance and have worked with the Cabinet Office and HM Treasury to secure strong support for a range of programmes within our Spending Review 2020 settlement for the next Financial Year. Our programmes will enable us to support growth and regional regeneration across the UK, supporting regional regeneration post pandemic, while contributing to Civil Service Transformation and to Government targets for Net Zero and better value.

We are also developing our 10 year strategy; in this first year we have secured funding for up to 14 potential Government Hubs in line with the levelling up agenda to re-distribute Civil Service roles across the whole of the UK, and have continued to rationalise the Whitehall Campus with a further 8 building closures. Additionally, our newly refurbished London Old Admiralty Building hub in the heart of Whitehall remains on track for occupancy by the Department for International Trade in April 2021, following the arrival of the Government Art Collection in October 2020.

Over the past year we have continued to grow and develop; expanding our client base and the estate under management and supported this with a clear focus on improved delivery to our clients and customers. We recognise that GPA is a work in progress and we continue to work hard on better data, improving processes, accurate and timely financial information, and improved client satisfaction. With great support from across the Agency, we continue to strive to become the organisation that we want to be; one that will deliver on its ambitious strategy and service offer to clients and customers through its commercial edge, high quality data and property expertise.

We have launched an ambitious Workplace Services Transformation Programme aimed at resetting workplace support to ensure a more regional and people centric focus within the contracts for these services moving forward. We have also secured funding for the first phase of our Carbon Net Zero Programme; establishing the team and developing plans to build on the £3 million worth of interventions delivered this year. Additionally, we continue to lead across government on Smarter Working and property technology interoperability, with pilots being developed for occupancy monitoring in our buildings. Working closely with Government Security Group, progress is also being made on the 'Govpass' initiative to allow secure cross departmental sharing of space.

We are delivering better value through our Onboarding Programme. Increasing our control of the government estate has allowed us to deliver better value for money through cost savings that will ultimately result in a better level of service for our clients. We continue to develop our client satisfaction reporting, and looking forward we plan to use the data captured through our 2020 Leesman Homeworking survey work to introduce a routine measurement of customer satisfaction through quarterly focus groups in our buildings. These groups will help to deliver continuous improvement, ensuring that our clients and customers are at the centre of all that we do.

Finally, we have continued to grow our capability. We have a clear strategy for the future, and we are completely aligned with Government priority policies. As a result, we can look forward to a successful future with confidence.


# THE IMPACT OF COVID-19 ON GPA OPERATIONS:

This year has been shaped by the COVID-19 pandemic. From the beginning of 2020 the GPA has been working with clients and its delivery partners to respond to the rapidly changing impact of this disease.

In order to support an effective and proactive GPA response, the Agency's Executive Committee agreed to reprioritise resources to:

- Develop services and products to support the whole government office portfolio
- Meet the needs of clients and customers of the GPA-managed estate, and
- Look after GPA's people.

GPA took the decision to delay or stop activities that allowed the redeployment of people to establish a GPA Property Response and Recovery Team which has managed our COVID-19 response, reporting to a Business Disruption Forum providing governance oversight.

Initially, pandemic response work ensured that social distancing and additional cleaning regimes were put in place, and protocols established to handle suspected or confirmed cases of COVID-19 on the GPA-managed estate. Subsequently, we have placed many buildings in minimum essentials services, and supported our customers to work from home. From the middle of the year, we also supported a proportionate, safe return to the office, which was supported by risk assessments. This activity is set to continue as levels of building re-occupation increase.

We continue to respond to the pandemic, changing ways of working, and responding to uncertainties in our client's requirements and the property market. More recently, we have been supporting the introduction of mass testing, both in securing premises for the nation's very high-throughput laboratory capacity in the West Midlands and in standing up testing facilities for Civil Servants. These include lateral flow testing facilities such as that at the London, Queen Elizabeth II Conference Centre.

During 2020-21 GPA received additional funding of £0.5m from HM Treasury for COVID-19 related expenditure which included risk assessments, equipment for staff working remotely from home, Leesman Homeworking survey, and additional Workplace Services staff.

# PERFORMANCE OVERVIEW

This section is designed to contextualise the above performance analysis, including detail on GPA's organisational purpose, objectives, performance and both the impact of and management of key risks. It is also worth noting that there has been no significant impact on the goals, strategic objectives and priority outcomes to the work of GPA from EU Exit this financial year.

## OUR STRATEGIC OBJECTIVES

Our 10 Year Strategy and annual Business Plan set out the four strategic objectives against which we measure our delivery. We believe that they are already making a real difference to people and places:

### GROWTH ACROSS THE UK

'Levelling up' across the UK
Strengthen the Union
Connection to place
Socio-economic value

### TRANSFORM THE CIVIL SERVICE

Great Places to Work
Smarter Working
Interoperability
Productivity and Pride
Talent Attraction and Retention

### PEOPLE AND PLACES

### CONTRIBUTE TO NET ZERO

Improve energy efficiency
Use green energy
Reduce embodied carbon
Generate and store energy locally

### BETTER VALUE

Improve satisfaction with our Service Offer
Best value through commercial expertise
Manage the estate as a single portfolio
New Property Model Savings - £1.4 billion

# DELIVERING OUR STRATEGIC OBJECTIVES

## GROWTH ACROSS THE UNITED KINGDOM

GPA has a key role in supporting the Government's 'levelling up' agenda that aims to reduce regional inequalities by moving Civil Servants out of London, and strengthening the Union. Our work to rationalise the Government's office portfolio will add socio-economic value across the whole of the United Kingdom, including helping to stimulate the economy through investment and the creation of new job opportunities post COVID-19.

Building on the 14 Hubs in Phase 1 being delivered by HMRC, the Government Hubs Programme Phase 2 is an essential part of achieving these aspirations. This programme is delivering Great Places to Work in all regions of the United Kingdom, bringing together departments into multi-occupancy buildings. The design of our new buildings supports inclusivity and wellbeing, and they will have the interoperable technology to enable productivity, collaboration and innovation. Funding has been secured for the continuation of this programme through our Spending Review 2020 settlement, allowing for up to 14 further hubs to be announced next year. Work will continue on the development of agreement for lease (AfL) for at least 4 more hubs, including the new Economic Campus for Her Majesty's Treasury and other Departments in Darlington.

Additionally, despite the challenges of working within COVID-19 restrictions, this year we have started construction on the Hub at Peterborough, Fletton Quays and the second Hub in Croydon. We have also made significant progress on the fit out of our Birmingham, 23 Stephenson Street project that is on track for occupation by 16 clients in the summer of 2021.

Our Whitehall Campus Programme, the sister programme to the Hubs Programme, aims to deliver a smaller, better quality and more efficient central London estate that will be concentrated around a single campus of buildings in Whitehall of no more than 20 core buildings. This programme will enable a reduction to Civil Servant numbers in London by 22,000 by 2030, strengthening policy-making, promoting diversity, and building career pathways across regions. This work will also contribute to the Government's net zero carbon agenda by addressing backlog maintenance and maximising sustainability in remaining buildings and infrastructure.

The programme closed eight London buildings by the end of March 2021 as part of phase 1, including 10 Great George St and 151 Buckingham Palace Road. The Programme's work also included the refurbishment of London, Old Admiralty Building, with occupancy by the Government Art Collection in October 2020 and the Department for International Trade in April 2021. Looking to next year, work is underway to develop and refine plans for 2021-22, with funding secured for the refurbishment of three buildings; London, 36 Whitehall, London 3-8 Whitehall Place and London, 55 Whitehall. Preparatory work to develop the outline business cases for a further six building refurbishments is also underway.

One of our key aims is to ensure that our Hubs projects are planned as 'inward investments,' securing jobs for the local community, improving the connection to place, and strengthening the Union. We are doing this through Local Authority engagement to build strong relationships within the local community of each Hub, and to identify potential opportunities for shared solutions and joint delivery. For instance, this year we have developed a joint Outline Business Case with Newcastle County Council in order to create an innovative property deal that delivers maximum value to the locality. We intend to use this as a blueprint process with other city regions moving forward.

All of this work will be a key enabler of increasing social value and driving localised growth across the whole of the UK, and GPA has now completed work with Simmetrica Jacobs to place a social value against both the Government Hubs and the Whitehall Campus Programmes. This additional social value, estimated at £3.5bn (20 year NPV) created by the GPAs' investment programmes will aid in the stimulus of economies post pandemic, including supporting Small and Medium Enterprises and regionalisation with high levels of spend through industry. This figure has been calculated in conjunction with independent economists and work with the Royal Institute of Chartered Surveyors. Next Financial Year, GPA will take forward work to prove outcomes, and we are currently utilising the 'Social Value Toolbank' to track a social value on the Government Hubs projects through the construction phase.

We are working to ensure all of our procurement moving forward has a social value question to answer as part of the tender technical element, based on questions identified in the Social Value Model document. This is to ensure that contracts will go above and beyond in their contributions to key societal issues, for example through consideration of local manufacturers within their supply chains, protecting regional jobs and promoting economic regeneration across the country post pandemic.

Finally, responding to the lessons and uncertainties of the pandemic, we have revised our Workplace Design Guide and occupancy assumptions to better suit hybrid working. Having secured funding to progress our Hubs and Whitehall Campus Programmes next year through the Spending Review, we are scaling up to take forward a wide range of projects. Business cases and site searches have already been launched for 14 potential major projects, with more to follow. Next Financial Year we will confirm feasibility in light of changes to the market and client requirements due to the pandemic.

## CONTRIBUTION TO CARBON NET ZERO

In May 2019 the government announced its intention to reach net-zero greenhouse gases by 2050. This target includes a 50% non-traded reduction in carbon emissions across the Government office estate by 2032 (against a 2017 baseline). Over this reporting period we have undertaken desktop analysis of all government offices where we have a long term hold to plan interventions that will help contribute to this target.

We have developed a Net Zero annex for our Workplace Design Guide for both new projects and work on the existing estate so that these standards can be applied practically to all Government offices. Applying this, we have begun to make progress towards the Government's ambitious targets, investing circa £3 million in interventions so far, largely the installation of LED lighting into 26 of our office buildings. We have also selected a partner to help us plan and deliver Net Zero and lifecycle replacement projects. Analysis of existing buildings has been undertaken to ensure that the targets align with best practice industry standards. Exemplar buildings in terms of building performance and energy consumption have been highlighted to provide additional guidance to developers and project teams on how they adopt these standards to enable low carbon buildings to be realised. Alongside this, we are ensuring that our Hub sites under construction also adhere to strict sustainability standards.

Finally, we have also been working to improve our sustainability reporting for our clients to help them report against their commitments in this area. Quarterly Greening Government commitments and financial year end sustainability reporting is now in place for the first tranche of clients and we will be working with others to develop a wider and more comprehensive service as next year progresses. This will be reported on in more detail in next year's report. We are also in discussion with our newly onboarded clients to ensure that our service in respect of sustainability meets their needs as they join us. A new reporting format is being developed in conjunction with Ernst & Young to align with our plans for the Net Zero Programme rollout, including the continuation of our plans to improve the condition of the estate. As part of due diligence, this programme will establish a baseline for CO2 emissions and energy consumption that will be measured post-interventions to demonstrate the benefits and calculate reductions in CO2 emissions and energy consumption.

For next financial year we will have established a Sustainability Committee (SusCo) with representatives from delivery partners, independent experts and functional leads. SusCo is integral to our governance and will report to our Executive Committee (ExCo) to:

- advise ExCo and senior management on matters of environmental and sustainability policy, structure and communications;

- recommend actions necessary to minimise the environmental impact and sustainably operate the onboarded estate; and

- make decisions on implementing our Sustainability Plan's initiatives, resources, budgets and escalations.

Finally, we will also have plans in place to deliver Net Zero carbon heating, ventilation and air conditioning (HVAC) and Photovoltaic installation in at least 20 buildings, and decarbonisation interventions in at least 5 offices. We will continue with our plan to install

LED lighting in at least 20 buildings and generate local green energy in at least 20 buildings, reducing client costs. We will also continue our work to decarbonise the Whitehall Systems (district heating system and standby power), implementing a project to reduce heat loss.

## TRANSFORM THE CIVIL SERVICE

The Government has committed to a Brilliant Civil Service; one that helps keep the United Kingdom prosperous and secure by delivering excellent services to the public. GPA has a key role to play in this through the creation of high-quality office accommodation and workplace services that will allow our clients to attract and retain the talent needed to deliver against their remits. This is particularly important in light of the ongoing COVID-19 pandemic, as our work to support Civil Service transformation has had to accelerate to meet new challenges and priorities. Over this past year we have continued to deliver Great Places to Work through quality refurbishments, setting new and improved design standards and continuing Hubs construction against a backdrop of these new requirements.

We have led on the creation and continued iteration of a 'toolkit' to define how to work from home effectively with a focus on both productivity and wellbeing. This has helped our clients with the rapid adjustment from office to home working, particularly those departments with little to no experience of this, as well as highlighting the benefits of these new ways of working. Following this, GPA undertook a survey of 26,000 civil servants with Leesman to provide data insights on productivity. This is now being used to influence future workspace design and development of a hybrid working strategy that moves towards a mixed home and office-based solution that works for all; promoting productivity, better work-life balance and generating cost savings. We will continue to work with Leesman on pre and post occupancy surveys for our new Hub sites that will provide further data to contribute to the creation of workplaces that Civil Servants can be proud of.

One of the key enablers for our Hubs Programme is our Smarter Working Programme. Before the pandemic we were conducting assessments with 42 departments and arms-length bodies to undertake smarter working assessments to help them understand what Smarter Working means for them and their people. This work has been paused for almost a year to allow for re-prioritisation of pandemic support to these clients, however we have now re-baselined our plan. The programme was re-launched in April 2021 to continue to support all departments to improve ways of working for their people through embedding smarter working. Next year we will work with twelve departments to undertake maturity assessments, with the aim to reach a total of twenty departments reaching maturity (including the eight previously assessed as mature.)

In order for our clients to transform the way that they work, it will be essential for our properties to enable technical interoperability across departments. Since mid 2019, GPA has taken the lead across government on the development of interoperable shared technology solutions, including common solutions for Wi-Fi, print and video conferencing. This year we have made progress towards interoperability for our clients by strengthening GovWifi and successful GovPass pilots for secure building access.

Additionally, we have continued to develop the digital tools we will use to support our clients and customers. We have built a GPA Data Warehouse to integrate property and people data to provide valuable insights for our clients.  We have also created a real time database to capture building performance and occupancy data to enable better decision making. Next year we will consult on and refine our portfolio of customer support technology, pilot a digital platform to support customer experience in our buildings and deliver the first phase of a Client Relationship Management tool to support improved client service delivery.

The delivery of high quality workplace services for our clients is also key. We have launched an ambitious Workplace Services Transformation Programme that will reset the way that our workplace contracts are procured and managed. A standardised, regional and people-centric approach will be adopted to help counteract the long term effects of cost cutting and mixed commercial arrangements across government. Our future contracts will focus on customer comfort and safety, customer support and community and customer security and response. The Programme will build and run workplace services that can grow to meet demand and flex in response to business need, promoting productivity, driving delivery and optimising use of space to deliver savings. This will deliver organisational benefits to clients and an improved workplace experience for customers. This year we have achieved internal approval of the Outline Business Case for this work, and next financial year we will continue to progress this through the relevant approvals processes as well as launching the tender process for contracts.

## BETTER VALUE

The Civil Service aspires to be efficient, effective and to deliver for the people of the UK. GPA is contributing to this through providing increased value to client departments through economies of scale and a strategic approach to estate planning as the size of our portfolio grows, allowing departments to focus on their core business outputs.

In order to plan for the future strategically we have developed portfolio plans for towns and cities across the UK. These plans take a whole estate approach to help save money for our clients and move away from siloed decision making in separate departments that is less efficient. This year we developed the

government's first Strategic Asset Management Plan for the office portfolio, and began to use it to shape our delivery. We also have detailed portfolio plans in place for 17 cities, including Birmingham, Aberdeen and Swansea. These are embedded firmly within the work of the Places for Growth Programme that sits within the wider property function and is leading on the relocation of Civil Service roles out of London, focusing on better value for the whole of the UK. GPA takes direction for its portfolio planning from the moves plans emerging from this programme. Due to the COVID-19 pandemic we have re-baselined these plans over the past year to meet changing client estate requirements, and to ensure that options remain value for money. This will be an iterative process as workplace strategies and client requirements continue to develop post pandemic.

To support our Portfolio plans, GPA's Workplace Project Delivery Team has delivered condition improvement, moves and change projects to the approximate value of £20 million this year. This has included managing a significant capital programme in Manchester Piccadilly Gate, relocating offices for the Advisory, Conciliation and Arbitration Service (ACAS) in London, Crown Prosecution Services (CPS) in Exeter, Ministry for Housing, Communities and Local Government (MHCLG) in Hastings and further phases of a major refurbishment programme of our London, Teddington premises for the Department for Business, Energy and Industrial Strategy (BEIS). At the Spending Review, we secured agreement from HM Treasury that funding for Lifecycle Replacement Plans would be routed directly to GPA rather than through our onboarded clients. This changed approach significantly simplifies investment planning and will help to add further value next financial year through improvement.

In order to capitalise upon the above approaches, the number of departments that have fully onboarded their assets to GPA now stands at 14, with 22% of the government office estate portfolio onboarded to us (707,769sqm). This year, the Foreign, Commonwealth and Development Office and Ministry of Justice have agreed asset transfer, together with the Department for Digital, Culture, Media and Sport, Crown Prosecution Service, Attorney General's Office and National Savings & Investment. We have also achieved the transfer of the majority of the Government's freehold offices to us, from 15 departments. By the end of this reporting year we had grown the property under management from 10% to 22%. Additionally, we have agreed to provide a managed service to the Department of the Environment and Rural Affairs and the Environment Agency for property management and related financial services; a further 3% of the office estate, bringing the total under management to 25%. There is a strong pipeline of further transfers in hand for the first quarter of the next Financial Year. We are targeting 40% of the office estate onboarded by March 2022.

This year, the value of our assets has grown to £872 million, a growth of almost 304% from this time last year, and the total operating expenditure in this period was £482 million, the majority of which was charged out to tenants for their occupations. Only 0.05% of this portfolio is vacant, which is a reduction of 0.22% from last year and we continue careful management of this vacant space in order to maintain this level. From April 2021, GPA took on the vacant space risk from clients; it is expected that the level will rise as clients reduce space, making the aforementioned careful management even more important as we move forward.

Additionally, we committed this year to refreshing the savings forecasts in the New Property Model (NPM) Business Case that set up the Agency, taking into consideration experience and COVID-19 implications. Since 2017 we have booked £506 million worth of cashable benefits against a 20 year NPV. We are on track to meet the stated benefits in the NPM Business Case and a standard approach to Benefits capture is now in place across all Programmes following an audit of the methodology by Government Internal Audit Agency, it was awarded the highest rating. This standardised approach to Benefits realisation and tracking will be used within all GPA major programmes next financial year.

As we build on this and continue to expand our services and portfolio, client and customer satisfaction will be at the forefront of everything that we do. Delivering better value through efficiencies and cost savings as well as a high level of service will be key to achieving and maintaining high scores in this area. We measure client satisfaction on a quarterly basis, and overall whilst we must continue to improve, the feedback does reflect the value of the improvement initiatives we have put in place this year. Average Client Satisfaction score across all onboarded clients has increased from our start year baseline of 4.2 to the current score of 5.5 - an increase of 31% overall. Client and Customer service is the primary workstream within our Agency wide Transformation Programme currently underway, and we are taking measures to improve continually. For next year this will include customer service training for all staff and the implementation of robust Service Level Agreements developed in conjunction with our clients. We are targeting a minimum improvement of another 20%.

Looking beyond offices, we are beginning to work with clients on a Warehouse Programme. This will allow us to improve the management of or release Government Warehouses through a series of projects designed to unlock value across the warehouse portfolio. We have conducted early survey activity across all 800 sites on the estate which has allowed us to create a warehouse database, calculate potential spare capacity and obtain operational level data such as what is stored and how. Using this updated storage profile, a number of potential opportunities have been identified that would provide significant financial and service benefits. Over the next financial year, we plan to develop a Strategic Asset Management Plan and Programme Business Case to set out how these opportunities can be seized.

Alongside planning activity, we have started to support departments through the provision of cost-efficient solutions to warehouse storage problems exacerbated by the pandemic. For example, we have worked with the Department of Health and Social Care to source solutions for PPE storage which has avoided costs of circa £79 million for government compared with alternate options. We also worked at pace to identify and secure a large warehouse in Leamington Spa to provide space for the UK's COVID-19 testing very high-throughput laboratory and enabled the NHS track and trace programme by providing space for this work on the existing estate. This is generating approximately £4 million of savings per annum compared with alternative options. The speed at which GPA was able to respond and secure these premises was instrumental to enabling these nationally significant projects to proceed promptly.

# BUILDING OUR CAPABILITY

## OUR PEOPLE

The Government Property Agency is made up of property and commercial professionals. Headcount has grown from 178 to 244 since last year with staff across 8 regional locations, and a recorded increase in engagement of 4 percentage points to 62% over this reporting period. Our structure is detailed in the diagram below:

### CLIENT SOLUTIONS

Responsible for securing new clients, engaging and informing current clients, and defining an integrated property requirement to satisfy their collective needs.

### PROPERTY & COMMERCIAL

Responsible for managing our property portfolio and undertaking transactions at best value, using the Government Covenant to meet client needs, and delivering commercial solutions in support of every part of GPA to enhance client satisfaction.

### WORKPLACE SERVICES

Responsible for supporting customers in moving to and using our workplaces in a way that is popular with customers and enhances client satisfaction.

### CAPITAL PROJECTS

Responsible for the design and construction of capital projects to create 'Great Places to Work' that meet client needs - including the Government Hubs and Whitehall Campus Programmes.

### FINANCE & CORPORATE

Responsible for creating business insight, planning ahead and providing the corporate services that every part of GPA needs to be successful.


Building a collaborative community and an engaged workforce is very important to us; our staff are spread all across the UK so we are responsive to the need for differing forms of communication and provide support to promote unity. This has been even more important during the pandemic and we have adjusted accordingly. Being unable to meet in person, we have implemented monthly staff engagement sessions led by our six Executive Directors. Each month a different topic is shared and discussion is supported by tools to collate feedback and virtual 'breakout rooms' to encourage smaller group discussion. Topics have ranged from planning for our Spending Review to our annual People Survey results and there is always a focus on wellbeing at these events.

Prioritising the wellbeing of our staff is essential, particularly during this time of change and uncertainty. Listening to the feedback from our staff through regular pulse and people surveys, we have introduced a variety of wellbeing initiatives, from signposting of support services to the appointment of a wellbeing champion at executive level. Information has also been given to line managers on how best to support staff members with changing personal circumstances due to the pandemic, and staff have offered up ideas to help keep the social nature of office working alive in a predominantly virtual setting. This has included the monthly virtual 'coffee community' to promote connection with each other, with over 50% of our people involved.

Diversity and inclusion within our community is also of the utmost importance. We have established a champion at executive level and continue to build a diverse and inclusive workforce with a focus on growing GPA Behaviours, including our 'Constructive Behaviours campaign' promoted to all staff. We also utilise our community chat, newsletter and blog functions to promote diversity through celebrating and raising awareness of a range of national days and events.

## TRANSFORMATION AND BUILDING OUR CAPABILITY

In September 2019 we launched a major consultation change programme, 'GPA 2021' to help shape the organisation for the future. This was postponed in March 2020 due to COVID-19 priority work, but re-commenced in the form of a new GPA Transformation Programme in September 2020. The post pandemic world will provide a significant opportunity to reset Government property costs, to deliver for client departments and to deliver Government objectives. Through this transformation work, GPA is taking prompt and radical steps to design and begin to deliver a future organisational blueprint that will allow this.

The GPA Transformation Programme has six workstreams (clients and customers, commercial partners, future organisation, culture and capability, the GPA way and digital, data and automation.)

We have begun to deliver against each workstream, with a quick-impact Improvement Plan delivered over the winter. We have evidenced work which demonstrates the positive impact of this activity and have further ambitions for our transformation programme moving forward. We have set out a robust plan for the next Financial Year for each workstream within our 21-22 Business Plan.

We have developed a blueprint and plans for restructuring to deliver a proportionally smaller, more agile, more commercial organisation, and are recruiting people with commercial property expertise. We have also agreed GPA behaviours, core skills, required specialisms and 'gold standard' professional accreditations for learning and development and recruitment purposes. We will use these approaches to help us achieve the commercially skilled, customer focused, expert property workforce required to achieve our aims.

Finally, all new government organisations are subject to a Tailored Review two years after their launch. GPA's Tailored Review took place in 2020 which strongly supported the vision for the GPA, confirming that executive agency status is appropriate, and pointing to the potential benefits of a Government Company structure in the future.  The Tailored Review also helpfully pointed to improvements that we can make, which we are taking forward as part of our Transformation Programme.  One significant change is the introduction of UK Government Investments (UKGI) as the Government's Shareholder Representative in respect of GPA.

## OUR COMMERCIAL PARTNERS

GPA is set up as a 'thin client model' with a blended workforce of in-house staff and integrated Commercial Partners.

Montagu Evans, Jones Lang LaSalle, Gowling WLG and Eversheds Sutherland are key partners of our Commercial team and support us in managing assets and making property transactions.

Faithful & Gould and AECOM are integral to our Capital Projects team providing design, project management and cost management expertise.

Our Workplace Services team works closely with a number of partners to deliver essential 'day to day' services to our customers including ISS, Mitie and

delivery through Transport for London. GPA has also worked closely with our partners responding to COVID-19, enacting their business continuity plans in conjunction with the Crown Commercial Service.

## OUR DATA

High quality data is essential for us to be able to manage and service assets on the government estate for our clients. Last year we established a Data Design authority which has led to improvements in the quality of our portfolio data. The development of our data warehouse is now underway with initial testing having taken place. In parallel, the development of the first GPA real-time data platform is underway to capture occupancy data from London, Old Admiralty Building and Birmingham, 23 Stephenson Street.

This year we adopted direct contract management of our asset management database, Horizon, which has

allowed us greater control over the accuracy of data captured. Our financial management tool Hyperion continues to allow us to better manage our finances, including increased accuracy of financial planning and we have rolled out MS Project as the standard Project Management tool across the whole of the organisation. Within our Onboarding Programme, we have also reset our data due diligence processes for assets onboarding to us to ensure inaccuracies or gaps are fixed prior to transfer of ownership to us.

# OUR FINANCES

## EXPENDITURE

The majority of GPA's costs relate to the running of the properties we manage. As of March 2021 we had the responsibility for 200 properties (up from 98 at March 2020) with the total annual running costs for the properties being £437 million, up from £283 million in 2019-20.

GPA also incurs costs in the development of government hubs and the delivery of the Whitehall Campus Programme. During 2020-21 we carried out £28 million of capital investment including work on the delivery of Old Admiralty Building and on hubs in Birmingham, Peterborough and Croydon.

The other element of our expenditure is the GPA running costs, which for this financial year totalled £45 million, up from £22 million in 2019-20.

## INCOME

Our property costs incurred are fully charged out to the clients occupying our managed properties on a full cost recovery basis. Our work on government hubs has been funded by a combination

of funding from prospective occupiers, HM Treasury and, in some cases, landlord incentive payments. Our fee income for the year has totalled £6.8 million (2019-20 £5.6 million).

GPA also undertakes work commissioned by clients to deliver their property solutions. These costs are fully charged to the client.

For the next financial year, our new expense recovery model will be in place which will strengthen our processes for charging out expenditure and recovery of income. We also charge market rents to clients occupying government freeholds. This year we have rebated this rent to clients, but we have worked with HM Treasury to remove the rebate from 2021-22, with HM Treasury increasing department budgets.

### FINANCIAL POSITION

GPA's total operating expenditure of £482 million (2019-20 £305 million) exceeded total operating income for the year of £333 million (2019-20 £282 million). Total operating expenditure includes depreciation and impairment of our assets.

The statement of financial position as at 31 March 2021 shows GPA with net property, plant and equipment assets to the value of £872 million (£216 million at 31 March 2020). These assets primarily relate to freehold properties, leasehold improvements and assets under construction. The increase of £656 million is due to freehold properties onboarded during the year.

## CORPORATE SOCIAL RESPONSIBILITY

### HEALTH AND SAFETY

GPA takes the health and safety of all those who work in and on its estate very seriously. We monitor safety and assurance and report against the RIDDOR framework monthly.

Our Health and Safety Committees meet regularly; there is a Health and Safety Committee including union representation, supported by sub-Committees dealing with GPA's people and construction work. There have been no significant incidents during the year.

## SUSTAINABILITY

GPA's plans for Property Net Zero will have a major impact on sustainability best practice. Our Spending Review 2020 settlement has provided the funding to launch a comprehensive Net Zero Programme that will look to increase green electricity supply to our clients and will work with Crown Commercial Service to explore innovative renewable energy supply opportunities.

This year we have developed a comprehensive Sustainability Plan that covers all aspects of our activity, from portfolio planning, through to reducing embodied carbon in construction and low carbon heating, to improving energy efficiency. Our plan sets challenging targets from next year and beyond that will allow us to provide a more granular update on the effects that these interventions have had in next year's report. See also contribution to net zero narrative within the performance overview.

## ETHICAL BEHAVIOUR

GPA is committed to behaving ethically. We have developed and continue to maintain good working relationships with Trade Union colleagues to help resolve matters swiftly, and ensure they have a voice at our Workplace Services Health and Safety Committee. Last year we provided support to our clients through the pandemic, including provision of COVID-19 secure workplaces and a rigorous risk assessment process that had to be followed ahead of re-occupation at reduced levels. We will continue to follow this process and support clients along the government roadmap to recovery.

Last year we agreed to increase payments to our commercial partners to allow them to pay the London Living Wage and this continues to be the case. We are also a prompt payer. When COVID-19 struck, we quickly committed to continuing to pay our partners the core fee for service levels at 'best effort' so that their staff were able to shield or self-isolate as required without financial implications. We also moved to immediate payment of invoices rather than our normal 30-day arrangement.

We have a zero-tolerance approach to bullying, harassment and discrimination. This year we have organised line manager training to reinforce this commitment to protect our people, and always ensure any reported instances of poor behaviours are responded to immediately.

## CONCLUSION

Despite numerous challenges this has been a successful year for us. We have supported our clients and customers throughout the pandemic, and secured a positive spending review 2020 settlement, despite the government's difficult fiscal circumstances, to further support them next year. Our work will allow us to continue our Programmes into next year and contribute to the overarching delivery of key government objectives.

We have supported our customers within our buildings by putting safety at the forefront of our approach to the workspace. We have also quickly re-prioritised activity in order to assist our client departments with the sourcing of solutions for additional space or when their usual place of work was unavailable. We have continued construction of four Hubs sites across the UK and have minimised project delays resulting from COVID-19 in order to keep delivery of these Great Places to Work on track. This, alongside continuation of improvement works on the existing estate has laid further foundations for contribution to Carbon Net Zero that our Net Zero Programme will capitalise upon in the next Financial Year.

We have contributed to growth across the UK by supporting the Places for Growth relocation agenda by planning regional hubs and London building exits, whilst simultaneously making strides in customer service improvements. Interoperable solutions in the form of GovPass and options for building occupancy monitoring have accelerated in light of the pandemic, and we have developed more solutions to build better data to assist with Civil Service transformation.

We have continued to strengthen our capabilities through the creation of a blueprint for our future operating model as well as standards, training and specialisms for our people. Our emphasis is on a commercially focused property organisation designed for our clients and customers that will deliver better value for the Government and more flexible solutions for our clients.

**Steven Boyd MBE**
**Chief Executive Officer and Accounting Officer**
**30 June 2021**

# ACCOUNTABILITY REPORT

# ACCOUNTABILITY REPORT

## INTRODUCTION

The purpose of the accountability report is to meet key accountability requirements to Parliament. The accountability report has three sections:

- Corporate governance report
- Remuneration and staff report
- Parliamentary accountability and audit report

The corporate governance report explains the composition and organisation of the GPA's governance structures and how they support the achievement of our objectives. The corporate governance report comprises:

- the Directors' report
- the Statement of Accounting Officer's responsibilities
- the Governance statement

The remuneration and staff report sets out the GPA's remuneration policy for Board members and how that policy has been implemented. In addition, the report provides details on remuneration and staff that are fundamental to demonstrating transparency and accountability. The Parliamentary accountability and audit report brings together the key Parliamentary accountability disclosures including the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' REPORT

## COMPOSITION OF MANAGEMENT BOARD

GPA is led by the Chief Executive Officer (CEO) who has also been designated as Accounting Officer. This position is filled by Steven Boyd, who took up this post on 10 June 2019. GPA is governed by the GPA Board which is made up of three internal government Non-Executive Directors as well as four external independent Non-Executive Directors, one of whom is the Agency's Chair. All were appointed by the Minister for Implementation in April 2018, except for the chair Pat Ritchie who was appointed on 1 January 2020 and Mike Green who was appointed in February 2021 to replace Sarah Harrison who stepped down in July 2020.

Board Members also include the GPA CEO, Finance Director and the Senior Sponsor from the Cabinet Office, the Agency's sponsor department. From next Financial Year, UKGI will provide a Shareholder representative acting on behalf of the Cabinet Office.

This will allow the Office of Government Property (OGP) to focus on oversight of policy objectives, whilst the Shareholder function ensures robust corporate governance and financial management. Due to this change, the Senior Sponsor will be replaced on the GPA Board by the Shareholder representative.

For further information on the composition of the GPA Board please see the Board and sub-committee membership and attendance within the Governance Statement on page 31.

## MANAGEMENT OF INTERESTS AND BUSINESS APPOINTMENTS

All GPA staff are bound by the Cabinet Office conflicts of interest and business appointment rules, including those pertaining to Civil Servants leaving Crown Service. In compliance with Business Appointment rules, GPA is transparent in the advice given to individual applications for senior staff, including special advisers, as dictated by the Cabinet Office. This advice is published on the Cabinet Office's Business Appointment Rules page found here: www.gov.uk/government/publications/cabinet-office-business-appointment-rules-advice

GPA assures itself that former employees leaving the Civil Service comply with these Business Appointment rules by working with the Business Appointments team. Due diligence is carried out for each leaver to understand what safeguards need to be put in place, depending on where the individual is moving to. For example, mechanisms such as Non-Disclosure Agreements would be put in place should there be a move to a supplier or competitor. The Audit and Risk Committee is kept abreast of such situations.

Assurance is undertaken annually to ensure that any outside employment held by Senior Civil Servants does not present a conflict of interest. This is in the form of a return asking all staff to declare any secondary employments, paid or unpaid, and a central log of this information is held by our HR team. This was last conducted in April 2021.

At Board level, all members are required to complete a conflicts of interest form, and this is reviewed on an annual basis to ensure it remains up to date. A Board member register is also maintained and formal minuting of any new conflicts are taken at the start of each Board meeting. The Board member conflicts of interest register is published on our GOV.UK pages and can be found in its entirety here: https://www.gov.uk/government/publications/government-property-agency-register-of-board-members-interests

Over this reporting period there has been two recorded conflicts of interest. Pat Ritchie's position as CEO of Newcastle City Council has been recorded on the register and it has been agreed that Pat will absent herself from any decisions pertaining to Newcastle. She will delegate her approval authority to another Board member. During this year there was one occasion where a lease at Newcastle, Citygate required Board authorisation and Pat absented herself. She delegated her approval to the Board member Mark Collins (Chair of the GPA Investment Committee), proving that this process to mitigate any conflicts works effectively. Mike Green's position as Chief Operating Officer at the Department for Education has also been recorded as a potential conflict. Mike will absent himself from any decisions pertaining to the department.

Other external roles held by our Non-Executive Directors, as detailed in the link above, continue to be monitored in case of conflicts arising.

## DATA LOSS

There have been no records of personal data losses since the launch of the agency in April 2018 that were required to be reported to the Information Commissioner.

# STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

## RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed GPA to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, compliance is required with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

GPA accounts have been prepared on a statutory basis in accordance with the requirements of HM Treasury and are designed to comply with generic Accounts Directions issued to agencies by HM Treasury under section 7 (1 and 2) of the GRAA.

HM Treasury has appointed the Principal Accounting Officer of the Cabinet Office as Accounting Officer of GPA. The Principal Accounting Officer of the Cabinet Office has sub-delegated his Accounting Officer responsibilities for GPA to the GPA Chief Executive Officer and Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the GPA's assets, are set out in Managing Public Money published by the HM Treasury.

The financial statements are audited by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament on the audit examination.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that GPA's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

# GOVERNANCE STATEMENT

## OVERVIEW

As Accounting Officer, the CEO of the Government Property Agency ensures that it adheres to the principles and standards set out in HM Treasury's 'Managing Public Money' guidance, including in terms of governance, decision-making and financial management. This governance statement sets out frameworks, processes and supporting evidence to provide assurance on how we have managed risks and complied with good corporate governance.

## GOVERNANCE OVERVIEW AND FRAMEWORK

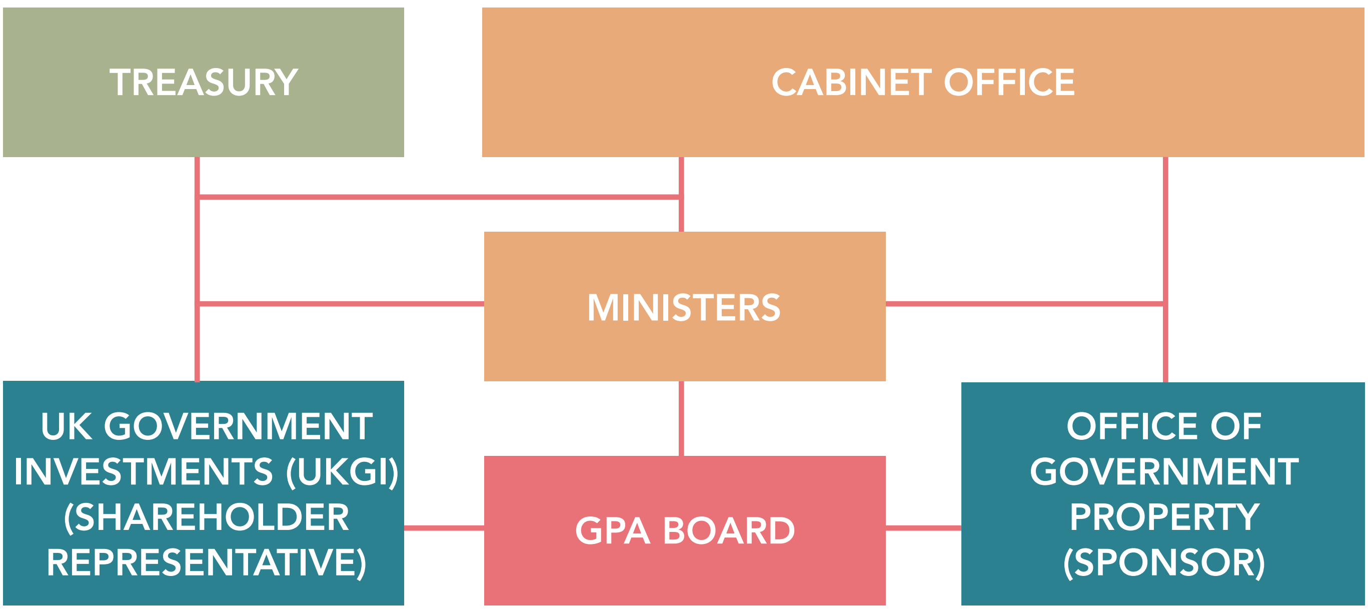
GPA has a robust system of governance that is continuing to develop and strengthen.

GPA is an Executive Agency of the Cabinet Office and reports to Cabinet Office Ministers through the Chair of the Board. The Director General Government Property is the Senior Sponsor. From April 2021, UK Government Investments (UKGI) took up the role of Shareholder representative on behalf of the Cabinet Office (promotion of corporate governance and finance best practice), with the Office of Government Property (OGP) having oversight of the policy objectives. The Chief Financial Officer of UKGI represents the Shareholder on the GPA Board, replacing the DG Government Property.

Additionally, to ensure transparency, Cabinet Office finance representatives sit on our Investment Committee and the Finance Committee, with a finance representative from the Home Office sitting on our Audit and Risk Committee. In April 2021 this Home Office representative took up the interim position of GPA Finance Director following the departure of Steve Blake. Options for the independent financial representative on the GPA Audit and Risk Committee have been worked through and from June 2021 this post has been filled by Andrew Pattison from Home Office Finance.

These relationships are formally articulated within a Framework Document[1] that is reviewed annually to ensure that it properly represents high level arrangements. UKGI will undertake a comprehensive review of this document by September 2021 to ensure that it reflects new arrangements and current cross government guidance.

[1] www.gov.uk/government/organisations/government-property-agency/about/terms-of-reference



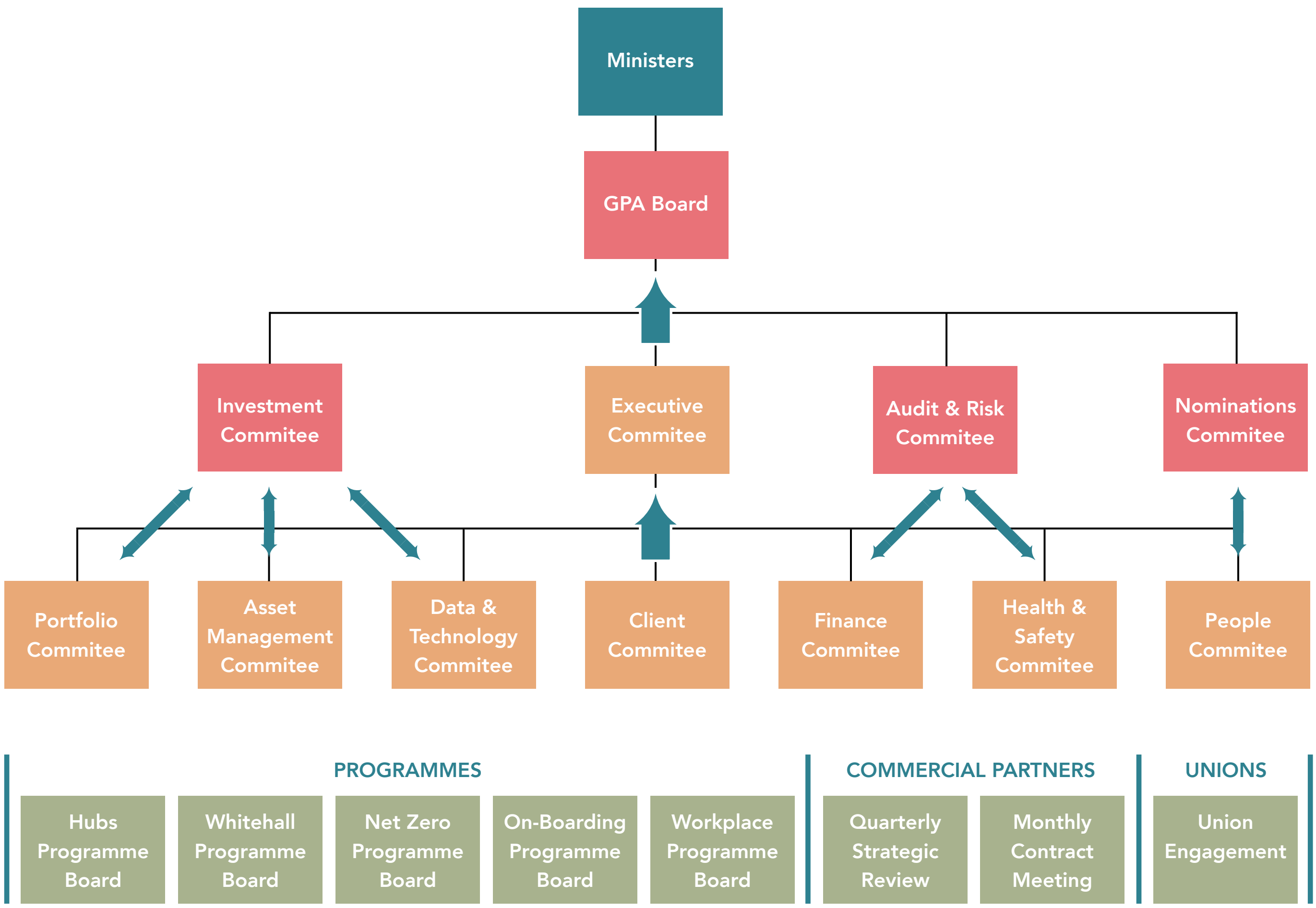
## INTERNAL GOVERNANCE

The Board and its sub committees are our top level of governance and provide an important link to our ministers. The Board sets strategic direction for the Agency and over the past year has input to critical areas of work; in particular the development of GPA's ten year Strategy and Spending Review bid, its annual Financial and Business Plans, and its Transformation Programme.

Board sub-committees: **an Investment Committee, an Audit & Risk Committee, and a Nominations Committee.** Each is chaired by a Non-Executive Director.

The **Investment Committee** meets monthly, is chaired by an independent Non-Executive Director and approves investment decisions over the director delegated limit of £250,000 and up to £15 million. Any investments over this threshold are authorised by the GPA Board via short form report setting out key information and assurance of Investment Committee scrutiny of the deal before onward submission to HM Treasury. This Committee ensures that these projects and programmes deliver value for money, meet regularity and propriety requirements and are affordable and sustainable. It also oversees all contract and procurement activity for the Agency. Over the past year, alongside standard lease re-gears and occupation requests, this Committee has approved the Programme Business Cases for the Hubs and Whitehall Campus Programmes as well as the emerging plans for the Net Zero Programme that all contributed to the strong Spending Review 2020 settlement.

The **Audit & Risk Committee** supports the Board by ensuring that governance, risk management, internal controls and financial accounts are comprehensive and fit for purpose. Representatives from both the National Audit Office (NAO) and Government Internal Audit (GIAA) are members of this Committee. The NAO reviews financial controls as part of its annual financial audit and produces an annual management letter and GIAA conducts a programme of audits each year in line with key Agency risks. This Committee is chaired by an independent Non-Executive Director who meets yearly with the Cabinet Office Audit and



Risk Committee Chair as well as attending one or two of their meetings per year to ensure that Agency risks that might impact on the Cabinet Office are managed effectively. This year, alongside standard risk and financial scrutiny, this Committee has reviewed the Agency's asset valuations policy and shaped how this will be undertaken moving forward.

The **Nominations Committee** meets twice yearly and is led by the Agency's Chair to give independent scrutiny to Executive and senior staff performance management and succession planning. Two further Non-Executive Directors are on the Committee with the Agency's Head of HR and CEO in attendance as appropriate. Reports from this Committee this year have included external assurance against Executive and Senior Civil Servant performance and talent evaluations set by GPA, as well as thoughts on the recruitment of a new Board member.

Our **Executive Committee** (ExCo) provides a link between the strategic direction provided by the Board and the day to day management of the Agency. ExCo has sub-committees too, each chaired by a Director which are described in more detail below.

- **Portfolio Committee**, attended by a Non-Executive Director, develops high-level plans for the Government estate by region and locality. Work over the past year includes re-baselining of regional Portfolio Plans in light of changing client requirements due to the pandemic to ensure that they remain viable.

- **Asset Management Committees** integrate approaches from across GPA to the management of its buildings. The Committee sits for each of the four GPA regions: North, Centre, South and London and has this year focused on asset data quality.

- **Technology & Data Committee** manages the development and implementation of GPA's Technology and Data strategies. It currently operates as two entities; Data Design Authority and Technology Design Authority; that we aspire to combine into one Committee. This year work on interoperable building solutions such as GovPass and occupancy monitoring pilots have been a focus.

- **Client Committee**, keeps GPA clients (government departments) informed and is used to seek their views in shaping cross-departmental property related plans. This Committee has input to GPA's work to strengthen client and customer service and associated reporting and has commented on the development of our 10 year strategy.

- **Finance Committee**, attended by two Non-Executive Directors and a Cabinet Office representative, carries out a detailed review of GPA's financial position, balance sheet, cast flow and benefits. As of January 2021, it was agreed that the Cabinet Office Finance Director, who up until this point was the Cabinet Office finance representative on GPA's Audit and Risk Committee, would attend this forum and relinquish his spot at the Audit and Risk Committee. In order to maintain robust financial input from an external perspective, he has been replaced by a financial representative from the Home Office. Focus has been on more granular scrutiny of financials for each area of the business ahead of submission to the Board and Audit and Risk Committee.

- **Health & Safety Committees**, attended by Trade Union representatives, ensures that GPA is protecting its people, commercial partners and customers in their buildings. Focus has been given to pandemic planning and support to clients as well as the maintenance of Health and Safety compliance within this new way of working.

- **People Committee** assists the Executive Committee in ensuring that GPA's people are supported. Plans are underway to set up this Committee, with the aim for it to be operational by the middle of next Financial Year.

These Board and Executive Committee committees are supported by programme, contract management and union engagement structures.

- **Programme and Project Boards** - set the direction for, and manage, the programmes and projects that drive change and delivery.

- **Contract Management** - ensures each of our contracts has a named contract manager who meets monthly with our partners to assess performance, manage routine issues and review payment. All contracts also have a quarterly strategic review, attended by more senior staff, to test relationships, align strategies and plan for the future.

- **Union Engagement** - we have regular engagement with unions both at a national level to discuss issues across our portfolio, and at the GPA level to discuss issues relating to our own people.

## BOARD AND SUB-COMMITTEE MEMBERSHIP AND ATTENDANCE

The table below lists the Board members and their attendance at Board and Board sub-committee meetings over the 2020-21 reporting period. Sarah Harrison took the role of Cabinet Office Chief Operating Officer in July 2020 and stepped down from the GPA Board at this time. In February 2021 she was replaced by Mike Green, Chief Operating Officer at the Department for Education to ensure the continuation of a client voice at this level.

Additionally, Richard Hornby stepped down from the Audit and Risk Committee at the end of 2020 in order to provide Cabinet Office representation at GPA's Finance Committee. Ian Kenyon, Finance Director at the Home Office replaced him on GPA's Audit and Risk Committee in January 2021. Following Steve Blake's departure at the end of April 2021, Ian Kenyon took up the position of interim Financial Director for GPA. Options for the independent financial representative on the GPA Audit and Risk Committee have been worked through and from June 2021 this post has been filled by Andrew Pattison from Home Office Finance.

| BOARD MEMBER | ROLE | BOARD | NOMINATIONS COMMITEE | AUDIT & RISK COMMITEE | INVESTMENT COMMITEE | EXECUTIVE SUB-COMMITEES ATTENDED |
|---|---|---|---|---|---|---|
| Pat Ritchie | Chair, GPA | 6/6 | 2/2 | N/A | N/A | N/A |
| Steven Boyd | Chief Executive, GPA | 6/6 | 2/2 | 6/6 | 10/11 | Finance, Client |
| Steve Blake | Chief Financial Officer, GPA | 5/6 | N/A | 6/6 | 9/11 | Finance |
| Mike Parsons | Director General, Government Property (Senior Sponsor- on the Board until March 2021) | 6/6 | N/A | N/A | N/A | N/A |
| Jane Hamilton | Independent non-Executive Director (from private sector) | 6/6 | 2/2 | N/A | 11/11 | Portfolio |
| Mark Collins | Independent non-Executive Director (from private sector) | 6/6 | N/A | N/A | 9/11 | N/A |
| Mickola Wilson | Independent non-Executive Director (from private sector) | 6/6 | N/A | 6/6 | N/A | Finance |
| Robert Razzell | Non Executive Director (from UKGI – and Stakeholder representative as of April 2021 ) | 6/6 | N/A | 5/6 | N/A | Finance |
| Rupert McNeil | Non Executive Director (from Cabinet Office) | 4/6 | 2/2 | N/A | N/A | N/A |
| Sarah Harrison (until July 2020) | Non Executive Director (from BEIS) | 2/2 | N/A | N/A | N/A | Client |
| Mike Green (from February 2021) | Non Executive Director (from Department for Education) | 1/1 | N/A | N/A | N/A | N/A |

# GOVERNANCE EFFECTIVENESS REVIEWS

## DEPARTMENTAL REVIEW

A Tailored Review was carried out between July to December 2020 in accordance with Government policy to review and assure Arms Length bodies and their continued effectiveness. This review examined whether the GPA, and the wider estate function within which it operates, remain adequately structured to ensure delivery against Ministerial objectives including the GPA's ten year strategy. The Tailored Review considered the GPA's governance including systems for finance, funding and approaches to managing the Agency's growing portfolio.

The Tailored Review and the recommendations have been considered by the Board. Recommendations, including altering the Agency's sponsor function through the introduction of UKGI in a shareholding capacity, have been accepted and activity to a chieve this was commenced before the end of the Financial Year.

In response to these changes, consideration is also being given to improvement of quarterly reporting to our Sponsor and Shareholder for next financial year. More formalised dashboard reporting with operational KPIs around the areas of people, finance, clients/customers and property is being introduced. This has already allowed us to add to our 'results at a glance' reporting for this annual report and accounts; building on what was reported against last year and demonstrating our intent for continuous improvement of the data that we hold and use to measure performance.

An action plan to implement all actions required to address the recommendations from this departmental review has been developed and will be monitored by both the Executive Committee and Board, in conjunction with the sponsor, to ensure completion.

## ANNUAL BOARD EFFECTIVENESS REVIEW

Each year the Chair of the Agency conducts a Board effectiveness review to ensure that it remains fit for purpose. In August 2020 Pat Ritchie carried out a 'light touch' review via a series of 1:1 discussions with Board members, including a review of their performance. This review focused on Board member succession planning and resulted in the decision to extend two of the external Non-Executive contracts with staggered lengths and to recruit a new Non-Executive with substantive property finance experience from mid-April 2021 to help reinforce this area of work.

The review also concluded that the Board is effective with a good mix of commercial and civil service Board members, with the three external Non-Executives providing significant private sector experience in property investment and development, real estate and facilities management. In terms of the Board's effectiveness in directing the Agency, the Chair has allocated specific roles to Board members, including directly involving the Non-Executives in shaping key areas such as the Agency's ongoing transformation work, further elaborated upon in the Performance Report.

Next financial year, a formal Board appraisal will be carried out via an independent company as is best practice within the Corporate Governance in Central Government Departments: Code of Good Practice as something that should be undertaken every 3 years.

## BOARD INFORMATION PROVISION

In order for the Board to fulfil its role of setting strategic direction and provision of oversight for the Agency, key reporting and information is provided in advance of each meeting. This includes a performance dashboard detailing monthly reporting on standing Board discussions such as health and safety, risk and financial management. It also reports on client satisfaction, and provides people, programme and commercial information, all of which has been scrutinised by the Executive Committee ahead of Board meetings. This is tangible data that can be used by the Board to support decision making and allows this forum to challenge the Agency's performance against targets set.

Alongside the above, a CEO report reviewing the key work of the Agency is provided together with updates on decisions taken by Board committees. Strategic 'deep dive' discussions on critical areas to give the Board an opportunity to discuss and provide strategic guidance take place at each meeting.

All Board and committee terms of reference documents undergo regular scrutiny to ensure they remain fit for purpose and contain up to date information. These are all now in a standardised format to ensure consistency.

## COMPLIANCE WITH CORPORATE GOVERNANCE GUIDANCE

GPA follows best practice for corporate governance, in line with the 'Cabinet Office Code of Conduct for Board Members of Public Bodies and Cabinet Office and Treasury Corporate Governance in Central Government Departments: Code of Good Practice' guidance. The Agency's Board composition was designed in line with this code. This has allowed for the appointment of a mixture of Non-Executives with substantial experience in the public sector as well as independent members with strong private sector property, real estate and commercial expertise. These areas of expertise are used collaboratively to set the Agency's strategic direction; drawing on experience from both sectors to capitalise on opportunities whilst managing risks and holding the Agency to account for delivery against set targets.

The Board also has a clear Committee structure, including an Investment Committee, Nominations Committee and Audit & Risk Committee. Mechanisms for reporting decision making upwards and escalating where appropriate into the Board, Sponsor team, (as of next financial year the Shareholder Team) and Cabinet Office are in place and detailed in a Framework Document. Additionally, all members follow the 'Seven Principles of Public Life which are included in the terms of reference for the Board and all Committees. Finally, the Board conducts an annual effectiveness review to ensure that it remains fit for purpose and continues to develop.

## RISK MANAGEMENT FRAMEWORK

GPA follows risk management best practice as set out in the Government's 'orange book;' to ensure compliance with Government's Corporate Governance code. Risks within the Agency are managed and documented within teams, with significant risks escalated to the Agency's Strategic Risk Register. Directors are responsible for ensuring that risks are updated ahead of each review point by the Executive Committee, the Audit & Risk Committee and the Board. 'Top 10' strategic risks are reported in the monthly performance pack at Executive level before onward submission to the Audit & Risk Committee and the Board. The Audit & Risk Committee reviews the Strategic Risk Register at every meeting, the Board reviews at least twice a year, and these risk areas inform the selection of deep dive discussions at both of those meetings. Risk appetite is reviewed annually. Overall responsibility for management of this control is held by the Agency's Audit and Risk Committee on behalf of the Board, and the above systems [to manage risks] have been in place for the year under review and up to the date of approval of this document.

The key risks facing the Agency and associated mitigations are summarised below:

- **COVID-19:** If GPA does not provide effective support to clients and staff during this time, including provision of safe working environments and clear guidance, there will be an impact on health and wellbeing. To mitigate this, a centralised response team was set up to triage client requests and provide timely responses, including smarter working best practice across government. The estate was consolidated and office space re-opened only following risk assessments, reduced capacity allowances and enhanced safety measures.

- **Ineffective data management:** If GPA fails to capture, manage or store data effectively, this will significantly impact the way that services are delivered for clients as it could lead to data inaccuracies. To mitigate this risk, a Data Design Authority has been put in place to control data hierarchy and manage master data sets through the appointment of clear data owners. The data systems process was also subject to recent internal audit, with the implementation of recommended actions helping to strengthen this process. This is not a new risk since last year, but the focus has shifted last year from the quality of the data to its management.

- **Aged debt:** If GPA is unable to collect on historic debt due to dispute over specifics of these costs, there will be a continued need to draw down cash from our parent department, eroding financial benefits. To mitigate, a debt policy is now in place with clear roles and responsibilities. This is a new process to manage a risk that has gained profile recently.

- **Management of costs and income to break even:** If GPA does not manage its costs and income effectively, it may exceed its budget and the financial benefit to our clients and taxpayers will be eroded. To manage this risk, systems have been introduced to control our finances and track the benefits achieved.

- **Capability and capacity:** If GPA does not attract high calibre staff it will not be able to support its clients and manage its property portfolio efficiently and effectively. To mitigate this risk, targeted restructuring has taken place this year, with plans for specific recruitment next year. Where necessary, GPA has used the pay flexibilities available within the Civil Service scales to recruit and retain the skills we need.

- **Financial flexibilities:** If GPA is not afforded the required flexibilities, it will be difficult to manage financial risk effectively, eroding predicted benefits and cost savings. Whilst not a new risk to the Agency, specific work has been undertaken this year to demonstrate targeted improvements within the Agency's financial capability to help evidence to HM Treasury why they should work with GPA to consider granting future financial flexibilities alongside those already granted.

- **Lack of departmental commitment to major Programmes:** If departments are unable or unwilling to commit to the requirements within our major programmes (such as the Government Hubs Programme and Whitehall Campus Programme) they could be delivered late or over-budget, causing the benefit to customers and taxpayers to be eroded. To manage this risk, GPA has introduced programme management governance, control and good practice to lead and manage the delivery of our programmes.

- **Lack of service delivery:** If GPA is unable to provide high service delivery to clients and/or is unable to demonstrate the benefits of working with GPA, clients could become unwilling to work with the Agency. This could result in an inability to deliver on business objectives and reputational loss. To manage this risk a clear 10 year strategy is in place to articulate benefits over time and clear service level agreements are being implemented with clients to promote robust service delivery. Whilst this is not a newly identified risk, higher levels of focus have been given to its management this year.

- **Commercial mindset:** If GPA is unable to adopt a commercially focused approach to portfolio planning and associated work, this could lead to diminished competitiveness compared with Private Sector counterparts, less competitive deals and a resultant loss of business. To manage this risk, work has been undertaken to embed it as a 'critical enabler' for the Agency to be able to deliver on its remit. It has been built into the Agency's 10 year strategy and the importance of this mindset, for example within the Agency's approach to portfolio strategy planning has been reinforced with staff. Whilst this is not a newly identified risk, higher levels of focus have been given to its management this year.

## EFFECTIVENESS OF RISK MANAGEMENT

GPA has a risk policy that reflects the specialist needs of the Agency, its risk appetite has been set by the Board and is captured in the risk management strategy. Risk management arrangements are kept under regular review, including ensuring that processes are in place to ensure risk owners across all areas have been identified to allow for productive regular conversations about the status and trends of risks to manage them effectively.

## RISK APPETITE

The GPA Board has set a risk appetite for the Agency. Utilising a matrix with 5 options of 'averse,' 'minimalist,' 'cautious', open and 'hungry', risks have been categorised and given a score. These risk categories are: reputation and credibility, operational and policy delivery, financial/value for money and compliance-legal/regulatory. This risk appetite matrix was reviewed at the June 2020 Board meeting as part of a wider Risk Management process update and review.

## STATEMENT OF INTERNAL CONTROL

GPA follows HM Treasury guidance on internal control, intended to provide reasonable assurance and maintain propriety and regularity of expenditure. This is a proportionate approach and not intended to eliminate all risk of failure, so the Accounting Officer can only provide reasonable, not absolute, assurance.

Our internal control processes are designed to:

- identify and prioritise the risks affecting our business aims and objectives
- evaluate the likelihood of those risks happening and their likely impact
- manage those risks efficiently and effectively

During this year, GPA's system of internal financial control was fully reviewed and revised. A financial improvement plan with 32 areas of financial systems improvement was agreed and monitored by GPA's

Audit and Risk Committee. Update reporting has been provided to this forum and the Cabinet Office Audit and Risk Committee. In the majority of these areas the work is now complete or on track to be completed as planned. Key improvements have been:

- a system of regular audit of underlying property data that informs expenditure and income

- quarterly property reconciliations to provide data for audit and inform updates to client forecasts as planned

- automation of quarterly billing; ensuring billing is correct, timely and aligned with forecasts

Other controls include: Investment decisions over £250,000 require Investment Committee approval, and the Cabinet Office approval to these spends is granted via representation at this Committee. Investment decisions over £15 million must be authorised by the GPA Board before approval is sought from HM Treasury. (Raised from £5 million in December 2020) via authorisation given from the Cabinet Office Permanent Secretary).

## EXTERNAL ASSURERS

The National Audit Office (NAO) provides assurance of the financial statements through annual financial audit. GPA works closely with NAO representatives throughout the year and representatives attend all of the Agency's Audit and Risk Committee meetings. Each year NAO produces a Management Letter listing key areas of improvement and associated actions to be completed that are tracked by ExCo members and the Audit and Risk Committee.

GPA has utilised the services of its property partner Montagu Evans for property valuations to provide external scrutiny in line with guidance on how to do so as stated within the government's financial reporting manual. Their contract comprises some core elements such as property management and onboarding due diligence (which are charged on a fixed fee basis), as well as a suite of other services such as transactional support and valuations (which are charged on a call off basis in line with pre-agreed contract and framework rates).

As such, Montagu Evans is currently considered the preferred supplier of choice for all of GPA's property needs, as by carrying out the majority of the Agency's call off work, they gain a deeper understanding of the estate which enables them to provide more strategic advice across the business. We now recognise that it is advised to change valuers or rotate partners every seven years and to have some segregation between the valuers and managing agents functions. We intend to consider this approach for next year.

## AUDIT ASSURANCE

Representatives from the National Audit Office (NAO) and Government Internal Audit Agency (GIAA) attend the GPA Audit & Risk Committee meetings. During the year GIAA conducted 5 internal audits to consider areas of risk and/or concern identified by the Executive Committee including cyber security management, benefits tracking system, compliance with financial controls, COVID-19 compliance with new office guidelines and data governance and strategy for data systems. Audit reports and their recommendations have been considered by the Executive and the Audit & Risk Committee. The implementation of actions required to address these recommendations is then monitored by the Audit & Risk Committee. The Head of Internal Audit provides an independent opinion on the adequacy and effectiveness of the Agency's governance, risk and internal control arrangements annually. The internal audits conducted during the year contribute to that opinion.

GIAA's opinion for 2020-21 was 'moderate,' which means some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

Particular areas Internal Audit drew management's attention to were:

### FINANCIAL MANAGEMENT AND CONTROL

GPA have made significant improvements to its financial management through the implementation of its Finance Improvement Plan which is already demonstrating benefits in respect of the production of the Accounts for 2020-21. GPA is also building its financial control maturity following the decision in 2020 to remove the external provider who had up until then managed GPA's financial controls. The need to build and manage the organisation's financial controls in-house meant that the Finance Team had to be appropriately resourced to carry out this activity. Once resourced, the Finance Team made good progress and GIAA were able to capture the financial controls

in an Assurance Map in the summer of 2020. GIAA made four recommendations to further strengthen the financial control maturity within GPA, which management accepted and are now actioning.

## RISK MANAGEMENT

The onset of the COVID-19 pandemic along with an ambitious agenda for growth has meant that GPA have had to work in a very turbulent risk environment throughout 2020-21. In managing emerging threats and opportunities for the Agency, GIAA have noted an active approach being taken to managing the key risks facing the organisation. The risk register is regularly reviewed and updated, and strong oversight is maintained over the effective management of the key risks' GPA faces. GPA's Risk Appetite is also clearly defined and regularly reviewed.

This strong approach to managing its key risks has enabled GPA to effectively manage the impact of COVID-19 on its operations. GPA has also responded quickly and effectively in ensuring Government Buildings are safe and allowing some return to the Office. This was confirmed in our review of COVID-19: Compliance with Good Practice which identified a lot of good practice being applied.

Our reviews of **Data Governance & Strategy for Data Systems** and **Cyber Security Management** confirmed to management that GPA needs to further strengthen its information governance over the many and various information assets it holds and more specifically improve cyber security arrangements if it is to effectively manage the risks it may potentially be exposed to in this area. Although, the currently maturity level of GPA for information assurance is low, we do note that an improvement plan is now in place to raise the maturity level to medium in the short team and subsequently embed information assurance throughout the Agency.

During 2020-21, GIAA were asked to review the **Benefits Tracker System** that had been developed for calculating the benefits / savings being achieved in respect of the New Property Model. We were able to provide "substantial approach" over the methodology and approach to tracking benefits / savings.

During 2020-21, GIAA consulted and informed the Audit and Risk Committee about changes to the audit plan to take account of the impact of the pandemic on the organisation and the changing risk landscape. As part of the revisions to the audit programme it was agreed GIAA would do a review of **COVID-19 – Compliance with New Office Guidelines** due to GPA being the lead on the preparation of new guidelines for government on operating offices during the pandemic.

Our review identified areas of good practice, whereby processes were operating as intended. Internally at the GPA, there was good governance in place, with staff having clearly allocated roles and responsibilities, with reporting lines to the Workplace Director. Internal procedures had been reviewed and updated to reflect new areas of work in relation to making offices COVID-19 safe, including the review of building risk assessments, safety and certification. Communications and HR polices had also been developed and updated to support staff in how to challenge observations of non-compliance with the new COVID-19 health & safety measures.

## WHISTLEBLOWING

GPA adheres to the whistleblowing policy that is applicable to all Civil Servants, including adherence to the Civil Service Code. Information regarding this policy is available for all staff on the Agency's intranet site. The Audit & Risk Committee is informed at the start of every meeting if any whistleblowing cases have been raised. In 2020-21 there were no such cases.

## FRAUD

The GPA adheres to Cabinet Office policy regarding fraud, which requires staff at all times to act honestly, with integrity, and to safeguard the public resources for which they are responsible at all times. All staff must complete mandatory Civil Service e-learning on this topic each year. There were no cases of fraud identified in 2020-21.

# REMUNERATION AND STAFF REPORT

## OVERVIEW

This report sets out the remuneration policy and provides details on remuneration and staff that Parliament considers key to accountability. The following sections are subject to audit:

- Remuneration (salary, benefits in kind and pensions) of Officials who are Board members
- Fair pay disclosure
- Fees paid to Non-Executive Board Members
- Pension benefits of official Board members
- Staff costs
- Average number of persons employed
- Reporting of compensation schemes and exit packages


## REMUNERATION REPORT

### REMUNERATION POLICY

The pay of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries (SSRB).

The SSRB takes a variety of factors into consideration when formulating its recommendations. These include:

- the need to recruit, retain and motivate suitably able and qualified people
- regional and local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the government's departmental expenditure limits
- the government's inflation target
- the evidence it receives about wider economic considerations and the affordability of its recommendations.

The **SSRB website**[1] contains further information about its work.

The performance management system for senior civil servants is common across all government departments. Pay awards are made in two parts:

- non-consolidated variable payments, which are used to reward members of staff who demonstrate exceptional performance;
- base pay progression, to reward growth in competence.

[1] www.gov.uk/government/organisations/review-body-on-senior-salaries

Non-consolidated payments are paid one year in arrears, so those paid to GPA staff in 2020-21 relate to their performance during 2019-20 year. The previous restriction to the top 25% of performers within the Senior Civil Service (SCS) was removed this year.

The Cabinet Office in-year bonus scheme for senior civil servants is applicable to those within GPA. The pot of money available for this was increased this year, allowing for awards of up to £5,000 to be made for up to 25% of senior civil servants for exceptional contributions. An additional cross-government in-year bonus scheme for senior civil servants is also available to recognise corporate values and behaviours, with rewards of up to £1,000 available for senior civil servants under this scheme.

## SERVICE CONTRACTS

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

## REMUNERATION (INCLUDING SALARY) AND PENSION ENTITLEMENTS

The following sections provide details of the remuneration and pension interests of the most senior management (i.e. Board members) of the agency. In accordance with HM Treasury guidance per the Financial Reporting Manual (FReM) paragraph 5.3.1, all entities are required to prepare a remuneration report containing certain information about the directors' remuneration. "Directors" shall be interpreted to mean persons in senior positions having authority or responsibility for directing or controlling the major activities of the entity. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or sections within the entity. The Accounting Officer and the Audit and Risk Committee have decided that this requirement encompasses the two posts listed below, whose emoluments and pension details are disclosed. The GPA considers that no other key management staff details need to be disclosed under this guidance for 2020-21.

## REMUNERATION (SALARY, BENEFITS IN KIND AND PENSIONS) OF OFFICIALS WHO ARE BOARD MEMBERS

| BOARD MEMBER OFFICIAL | SALARY (£'000) | | NON CONSOLIDATED PAYMENTS (£'000) | | BENEFITS IN KIND (to nearest £100) | | PENSIONS BENEFITS* (to nearest £1,000) | | TOTAL (£'000) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| Mike Parsons** | - | 160 - 165 | - | 5-10 | - | - | - | - | - | 170 - 175 |
| Steve Blake | 105-110 | 105 - 110 | - | 5-10 | - | - | 40,000 | 71,000 | 145-150 | 180 - 185 |
| Steven Boyd | 140-145 | 115-120*** (FTE 140 -145) | - | - | - | - | 56,000 | 45,000 | 195-200 | 160 - 165 |

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20), plus the real increase in any lump sum, less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

** The details above relating to Mike Parsons relate to the previous year when he was Interim CEO of GPA, (until June 2019), but relate to his work in Cabinet Office. He is employed by the Cabinet Office, and did not sit on the GPA payroll. His pension benefit is for a partnership pension scheme. He remained on the Board to represent the Sponsor Group after the appointment of the permanent CEO.

*** Reflects start date part-way through the year of 10 June 2019.

## SALARY

'Salary' includes:
- gross salary
- overtime
- reserved rights to London weighting or London allowances
- recruitment and retention allowances
- private office allowances
- any other allowance to the extent that it is subject to UK taxation

## BENEFITS IN KIND

The monetary value of benefits in kind covers any benefits provided by the agency and treated by HMRC as a taxable emolument. The disclosed benefits in kind include income tax and national insurance liabilities that are met by the GPA.

## NON-CONSOLIDATED PAYMENTS

Non-consolidated payments are based on performance levels attained and are made as part of the appraisal process. They are not accrued or provided for at 31 March, because the appraisal process is not complete until the summer and entitlement is not agreed until after the appraisal process is complete. As a result, the payments reported in 2020-21 relate to performance in 2019-20 and may include where entitlement arose for performance in transferring departments.

## FAIR PAY DISCLOSURE

| | 2020-21 | 2019-20 |
|---|---|---|
| Band of highest paid board member's total remuneration (£'000) | 140-145 | 140-145 |
| Median remuneration of the workforce (£) | 49,933 | 47,340 |
| Remuneration ratio | 2.85 | 3.00 |

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Board member in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid board member in the GPA in the financial year 2020-21 was £140,000-£145,000 (2019-20 £140,000-£145,000). This was 2.85 (2019-20 3.00) times the median remuneration of the workforce, which was £49,933 (2019-20 £47,340). The remuneration of agency and other temporary staff employed by the GPA was excluded when calculating the median remuneration.

The remuneration of GPA employees ranged from £20,000-£25,000 to £140,000-£145,000 (2019-20: £20,000-£25,000 to £140,000-£145,000), excluding Government Commercial Organisation employees, who are invoiced separately. In 2020-21, no employees (2019-20, nil) received remuneration in excess of the highest-paid Board member.

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## FEES PAID TO NON-EXECUTIVE BOARD MEMBERS

| NON-EXECUTIVE BOARD MEMBERS | ANNUAL FEE ENTITLEMENT (£) | FEES PAID 2020-21 (£) | FEES PAID 2019-20 (£) |
|---|---|---|---|
| Jane Hamilton | 15,000 | 15,000 | 15,000 |
| Pat Ritchie | 37,500* | 20,000 | 5,000** |
| Mark Collins | 15,000 | 15,000 | 15,000 |
| Mickola Wilson | 15,000 | 15,000 | 15,000 |
| Rupert McNeil | - | - | - |
| Robert Razzell | - | - | - |
| Sarah Harrison | - | - | - |
| Mike Green | - | - | - |
| Mike Parsons (representing Sponsor Group) | - | - | - |

* Pat Ritchie is employed by Newcastle City Council and her fee is split between the council and Pat Ritchie, with Pat Ritchie receiving £20,000 p.a. and Newcastle City Council receiving £17,500.

** Pat Ritchie joined GPA on 1 January 2020 and this fee is for January to March 2020.

Non-executive board members (with the exception of the chair) are offered a fee of £15,000 per annum. Individual board members may waive all or part of their fee entitlement. Fees paid or accrued are included within professional services.

Rupert McNeil, Mike Parsons, Robert Razzell, Sarah Harrison and Mike Green are not entitled to an annual fee as they are already members of the Civil Service and paid by their current department.

Sarah Harrison stepped down from the Board in July 2020 when she became Cabinet Office Chief Operating Officer. She was replaced by Mike Green from 1 Feb 2021. All other board members were engaged for the full financial year.

## PENSION BENEFITS OF OFFICIAL BOARD MEMBERS

| BOARD MEMBER OFFICIAL | ACCRUED PENSION AT PENSION AGE AS AT 31 MARCH 2021 AND RELATED LUMP SUM £'000S | REAL INCREASE IN PENSION AND RELATED LUMP SUM AT PENSION AGE £'000S | CETV AT 31 MARCH 2021 (£'000) | CETV AT 31 MARCH 2020 (£'000) | REAL INCREASE IN CETV (£'000) |
|---|---|---|---|---|---|
| Steve Blake | 30 - 35 plus a lump sum of 50-55 | 0 - 2.5 plus a lump sum of 0 | 541 | 496 | 22 |
| Steven Boyd | 15 - 20 | 2.5 - 5 | 242 | 188 | 36 |

## CIVIL SERVICE PENSIONS

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during his period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

## CASH EQUIVALENT TRANSFER VALUE (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially-assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

## REAL INCREASE IN CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

# STAFF REPORT

## STAFF COSTS

| | PERMANENTLY EMPLOYED STAFF £'000 | OTHERS £'000 | 2020-2021 TOTAL £'000 | 2019-2020 TOTAL £'000 |
|---|---|---|---|---|
| Wages, salaries and fees* | 9,581 | - | 9,581 | 6,758 |
| Social security costs | 1,091 | - | 1,091 | 774 |
| Apprenticeship levy | 58 | - | 58 | 41 |
| Other pension costs | 2,540 | - | 2,540 | 1,832 |
| Untaken annual leave | 166 | - | 166 | 98 |
| Agency/temporary | - | 5,634 | 5,634 | 3,543 |
| **Sub total** | **13,436** | **5,634** | **19,070** | **13,046** |
| Inward secondments | - | 129 | 129 | 18 |
| **Total** | **13,436** | **5,763** | **19,199** | **13,064** |
| Less:<br>Recoveries in respect of outward secondments | (87) | - | (87) | - |
| **Total staff costs** | **13,349** | **5,763** | **19,112** | **13,064** |
| Less:<br>Staff engaged in capital projects | (1,748) | - | (1,748) | - |
| **Total net staff costs** | **11,601** | **5,763** | **17,364** | **13,064** |

* This includes the following: Salaries, Overtime, Apprenticeship Levy, Statutory Sick Pay, Statutory Maternity Pay, Honorarium and Childcare Admin Vouchers.

## STAFF PENSIONS

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme – known as "alpha" – are unfunded multi-employer defined benefit schemes but GPA is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCSPS as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation here (https://www.civilservicepensionscheme. org.uk/about-us/resource-accounts/).

For 2020-21, employers' contributions of £2.5 million were payable to the PCSPS (2019-20: £1.8 million) at one of four rates in the range of 26.6% to 30.3% of pensionable earnings, based on salary bands.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £35k were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £1,000, 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the **partnership** pension providers at the balance sheet date were £3,180. Contributions prepaid at that date were zero. There were no contributions due to the partnership pension providers at the 31 March 2021.

1 individual retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £1,096.

## AVERAGE NUMBER OF PERSONS EMPLOYED

| | 2020-2021 | | | 2019-2020 | | |
|---|---|---|---|---|---|---|
| | PERMANENT* | TEMPORARY** | TOTAL | PERMANENT* | TEMPORARY** | TOTAL |
| Directly employed | 171.5 | 7.5 | 179.0 | 100.5 | 29.0 | 129.5 |
| Others | 9.5 | 19.5 | 29.0 | 7.5 | 13.0 | 20.5 |
| Staff engaged on capital projects*** | 5.5 | - | 5.5 | - | 1.0 | 1.0 |
| **Total** | **186.5** | **27.0** | **213.5** | **108.0** | **43.0** | **151.0** |

* Includes those employed permanently on Government Property Agency Payroll and those through the Government Commercial Organisation.

** Includes those on Loan or Fixed Term Appointments with the Government Property Agency, as well as contingent labour.

*** Reflects the number of staff who were 100% engaged in capitalised projects.

## SENIOR CIVIL SERVANTS

The table below shows the number of senior civil servants (SCS) employed by GPA as of 31 March 2021. There has been an overall increase in the number of SCS at payband 1 which reflects the growth of the organisation.

| | 2020-21 | 2019-20 |
|---|---|---|
| Chief Executive, Director General (SCS3) | 1 | 1 |
| Director (SCS2) | 3 | 3 |
| Senior Commercial Specialist (SCS2) | 2 | 2* |
| Deputy Director (SCS1) | 13** | 12*** |
| Commercial Specialist (SCS1) | 3 | 2 |
| **Total Senior Civil Servants working in GPA** | **22** | **20** |

* One of these was temporarily promoted to this SCS2 grade.

** One of these was on a fixed term appointment and one was on loan in.

*** One of these was temporarily promoted and one was on a fixed term appointment.

## STAFF COMPOSITION [2]

The below tables provide a breakdown, by gender, of all the staff employed by GPA as of 31 March 2021.

| | 2020-2021 | | | 2019-2020 | | |
|---|---|---|---|---|---|---|
| | MALE HEADCOUNT | FEMALE HEADCOUNT | TOTAL HEADCOUNT | MALE HEADCOUNT | FEMALE HEADCOUNT | TOTAL HEADCOUNT |
| Board members | 2 | - | 2 | 2 | - | 2 |
| Senior civil servants | 15 | 5 | 20 | 17 | 3 | 20 |
| All other staff | 127 | 92 | 219 | 80 | 60 | 140 |
| Total | 144 | 97 | 241 | 99 | 63 | 162 |

[2] Staff composition relates to staff employed by Government Property Agency at 31 March 2021 and on payroll, including GCO staff. It excludes Contingent Labour.

| | 2020-2021 | | 2019-2020 | |
|---|---|---|---|---|
| | MALE % | FEMALE % | MALE % | FEMALE % |
| Board members | 100 | - | 100 | - |
| Senior civil servants | 75 | 25 | 85 | 15 |
| All other staff | 58 | 42 | 57 | 43 |

Staff numbers increased during the year as GPA began to establish its core functions and grow the business.

## SICKNESS AND ABSENCE

The sickness absence figure for the rolling 12 months to 31 March 2021 stands at 3.36 (2019-20: 4.61) average working days lost per member of staff.

## STAFF TURNOVER

The staff turnover figure for the rolling 12 months to 31 March 2021 stands at 6%. The reasons for the number of employees who have left GPA and the civil service are too low to report on individually, but include resignation, retirement and end of temporary appointments.

## PEOPLE SURVEY ENGAGEMENT SCORE

Despite the impact of the coronavirus pandemic, GPA's overall engagement score in the 2020 People Survey increased by 4% from 2019, to 62%. Alongside HM Treasury, GPA achieved the joint highest response rate (100%) of all participating organisations in the Civil Service (up from 89% in 2019).

Our results evidence improvements in all but one of the headlines measures for GPA (Learning & Development), as well as improvements in each of the five top drivers of engagement, which includes question results around how fairly people feel they have been treated.

## EMPLOYMENT, TRAINING AND ADVANCEMENT OF DISABLED PERSONS

GPA applies the Recruitment Principles of the Civil Service Commission, appointing candidates based on merit through fair and open competition. Recruitment and selection training, which has a core focus of raising awareness of unconscious bias, is offered to all chairs of GPA recruitment panels.

GPA promotes training for all staff on avoiding unconscious bias, and for managers, the Disability Confident leaders training is a requirement.

GPA promotes a number of cross-government talent schemes to disabled staff. This includes Civil Service-wide talent schemes such as the Future Leaders Scheme (aimed at staff in grades 6 and 7) and the

Senior Leaders Scheme (aimed at staff in senior Civil Service pay band 1). It also promotes development schemes aimed specifically at disabled staff, including the Accelerate Talent Programme (for senior civil servants) and the Positive Action Pathway (for staff below the senior Civil Service).

## MONITORING SPENDING ON CONSULTANCY AND TEMPORARY STAFF

Expenditure on consultancy and temporary staff not included within staff costs was £1,337k (2019-20: £229k) in 2019-20. Expenditure on consultancy and the need for temporary staff within GPA is largely dependent on the nature of the projects being undertaken and the expertise required.

## REPORTING OF OFF-PAYROLL APPOINTMENTS

GPA provides information about appointments of consultants or staff that last longer than six months and where the individuals earn more than £245 per day, where we pay by invoice rather than through the payroll. We only use these arrangements where we cannot avoid them and minimise their use.

| FOR ALL OFF-PAYROLL ENGAGEMENTS AS OF 31 MARCH 2021, FOR MORE THAN £245 PER DAY AND THAT LAST FOR LONGER THAN SIX MONTHS | |
|---|---|
| Number of existing engagements as of 31 March 2021 | 31 |
| OF WHICH... | |
| Number that have existed for less than one year at time of reporting | 24 |
| Number that have existed for between one and two years at time of reporting | 7 |
| Number that have existed for between two and three years at time of reporting | - |
| Number that have existed for between three and four years at time of reporting | - |
| Number that have existed for four or more years at time of reporting | - |

New off-payroll working rules for public sector organisations called 'IR35' were put in place from April 2017 to make sure that where an individual would have been an employee if they were providing their services directly, they pay broadly the same tax as an employee, with the requirement for the employer to deduct tax at source.

| FOR ALL NEW OFF-PAYROLL ENGAGEMENTS, OR THOSE THAT REACHED SIX MONTHS IN DURATION, BETWEEN 1 APRIL 2020 AND 31 MARCH 2021, FOR MORE THAN £245 PER DAY AND THAT LAST FOR LONGER THAN SIX MONTHS | |
|---|---|
| Number of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021 | 24 |
| OF WHICH... | |
| Number where off payroll legislation does not apply | 1 |
| Number assessed as caught by IR3520 | 20 |
| Number assessed as not caught by IR35 | 3 |
| Number engaged directly (via PSC contracted to department) and are on the departmental payroll | - |
| Number of engagements reassessed for consistency / assurance purposes during the year. | - |
| Number of engagements that saw a change to IR35 status following the consistency review | - |

| FOR ANY OFF-PAYROLL ENGAGEMENTS OF BOARD MEMBERS, AND/OR, SENIOR OFFICIALS WITH SIGNIFICANT FINANCIAL RESPONSIBILITY, BETWEEN 1 APRIL 2020 AND 31 MARCH 2021 | |
|---|---|
| Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year. | - |
| Total number of individuals on payroll and off-payroll that have been deemed "board members, and/ or, senior officials with significant financial responsibility", during the financial year. | 11 |


## REPORTING OF COMPENSATION SCHEMES AND EXIT PACKAGES

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in this section. In cases where the employee has accepted the offer made by the department, the cost of termination benefit is accrued within wages, salaries and fees.

There were no costs incurred relating to compensation schemes or exit packages in 2020-21 as GPA had no exits of this nature, (2019-20: nil).

## TRADE UNION FACILITY TIME

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation.

GPA has a Recognition Agreement with PCS, Prospect and the FDA for the purpose of negotiation and consultation. No facilitation time was required for the period between 1 April 2020 and 31 March 2021 as the representatives are currently full time officials rather than GPA employees.

# PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

## OVERVIEW

This section contributes to the agency's accountability to Parliament and is subject to audit. Regularity of expenditure reports losses and special payments - regularity refers to the principle that all consumption of resources should be made in accordance with the legislation authorising them, any applicable delegated authority and the principles set out in Managing Public Money. Disclosures on fees and charges and remote contingent liabilities are required by Managing Public Money.

In his certificate and report to the House of Commons, the Comptroller and Auditor General provides their opinion on regularity and whether the Remuneration and Staff Report and Parliamentary Accountability Disclosures have been properly prepared and are consistent with the financial statements, and whether the information given in the Performance Report and Accountability Report is consistent with the financial statements. The following sections are subject to audit:

- Regularity of expenditure
- Fees and Charges
- Remote Contingent Liabilities

## REGULARITY OF EXPENDITURE

Where they occur, the Statement of Comprehensive Net Expenditure includes losses, such as write-offs of irrecoverable debts and fruitless payments. The Statement of Comprehensive Net Expenditure also includes extra contractual special payments where they occur. GPA had no reportable losses or special payments in 2020-21 (2019-20: nil).

## FEES AND CHARGES

GPA has been established to support better utilisation of the government estate. As part of its ordinary course of business, the GPA charges fees to other government bodies to recover its costs. Details are included within the segmental analysis in note 4 to the accounts. Our charging arrangement for 2020-21 are structured as follows:

- **Landlord Services** – our approach is to pass through the set rent, rates, service charge and utility costs for the space occupied and any agreed vacant space, plus a management fee at a set rate per occupation above 200sqm and for below 200sqm

- **Workplace Services** – we pass through the costs of service contracts. The rate of fees to cover GPA management costs is based on the area of space occupied

- **Portfolio Services** – we charge a flat rate per occupation for managing our onboarded clients' assets as a single portfolio

- **Additional property and project services** – we pass through contract costs with a percentage fee added to cover putting these contracts in place and managing them. We also charge for the time the GPA team spends on this work. There are discounts for clients who have onboarded to recognise that our closer working relationship allows us to plan ahead and avoid extra costs.

GPA's charging policy is subject to ongoing review to ensure cost recovery and compliance with Managing Public Money.

## REMOTE CONTINGENT LIABILITIES

There are no remote contingent liabilities that require disclosure and reporting to HM Treasury in the Annual Report and Accounts (2019-20: nil).

## EUROPEAN UNION EXIT

On 29 March 2017, the UK government submitted its notification to leave the EU in accordance with Article 50. On 31 January 2020, the Withdrawal Agreement between the UK and the EU became legally binding and the UK left the EU. The new relationship between the EU and the UK has been determined by negotiations taking place during the transition period which ended 31 December 2020. There are no significant impacts on the financial statements in the short-term.

## COVID-19

In November 2019, a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. The pandemic caused significant economic disruption just before the 2019-20 financial year end. The continuing ongoing disruption caused by the pandemic has created significant economic uncertainty, which has continued throughout 2020-21. Where COVID-19 has impacted on GPA operations this has been discussed more fully in the performance report and/or relevant notes to the financial statements.

**Steven Boyd MBE**
**Chief Executive Officer and Accounting Officer**
**30 June 2021**

# THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

## OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of the Government Property Agency for the year ended 31 March 2021 under the Government Resources and Accounts Act 2000. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the Government Property Agency's affairs as at 31 March 2021 and of the Government Property Agency net operating income for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## OPINION ON REGULARITY

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Government Property Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the Government Property Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Government Property Agency's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Government Property Agency is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

## OTHER INFORMATION

The other information comprises information included in the Annual Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## OPINION ON OTHER MATTERS

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

## MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Government Property Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive Officer as Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Chief Executive Officer as Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Government Property Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive Officer as Accounting Officer anticipates that the services provided by the Government Property Agency will not continue to be provided in the future.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is

not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Government Property Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Government Property Agency's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Government Property Agency's controls relating to the Government Resources and Accounts Act 2000 and Managing Public Money;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and significant estimates;
- obtaining an understanding of Government Property Agency's framework of authority as well as other legal and regulatory frameworks that the Government Property Agency operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Government Property Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Employment Law and tax legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## REPORT

I have no observations to make on these financial statements.

Gareth Davies 5 July 2021
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria London, SW1W 9SP



# FINANCIAL STATEMENTS

# STATEMENT OF COMPREHENSIVE NET EXPENDITURE (INCOME)

## FOR THE PERIOD ENDED 31 MARCH 2021

| | Note | 2020-21<br>£'000 | 2019-20<br>£'000 |
|---|---|---|---|
| Operating income | 2 | (332,871) | (281,791) |
| Grants | 2 | (811) | - |
| Capital Grant In Kind | 16 | (735,808) | (21,626) |
| **Total operating income** | | **(1,069,490)** | **(303,417)** |
| Staff costs | 3 | 17,364 | 13,064 |
| Other operating costs | 3 | 344,733 | 279,828 |
| Non-cash costs | 3 | 120,285 | 11,787 |
| **Total operating expenditure** | | **482,382** | **304,679** |
| **Net operating expenditure/(income)** | | **(587,108)** | **1,262** |
| Gain on acquisition (transfer of function) | 15 | - | (3,920) |
| **Total non-operating expenditure/(income)** | | **-** | **(3,920)** |
| **Net expenditure/(income) for the year** | | **(587,108)** | **(2,658)** |
| **Other comprehensive expenditure/(income)** | | | |
| Net loss /(gain) on revaluation of property, plant and equipment (PPE) | 5 | 7,469 | (5,709) |
| **Total comprehensive net expenditure/(income) for the year** | | **(579,639)** | **(8,367)** |

All income and expenditure relate to continuing operations
The notes on pages 62 to 90 form part of these accounts.

# STATEMENT OF FINANCIAL POSITION

## AS AT 31 MARCH 2021

| | Note | 31 March 2021 £'000 | 31 March 2020 £'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 5 | 871,881 | 216,202 |
| Intangible assets | 5a | 817 | - |
| Trade and other receivables | 6 | 93,303 | 71,091 |
| **Total non-current assets** | | **966,001** | **287,293** |
| **CURRENT ASSETS** | | | |
| Assets classified as held for sale | 6a | 1,300 | - |
| Trade and other receivables | 6 | 129,513 | 157,798 |
| Cash and cash equivalents | 7 | 105,318 | 14,431 |
| **Total current assets** | | **236,131** | **172,229** |
| **Total assets** | | **1,202,132** | **459,522** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 8 | (85,375) | (78,223) |
| Provisions | 10 | (14,518) | (2,671) |
| **Total current liabilities** | | **(99,893)** | **(80,894)** |
| **Non-current assets less net current liabilities** | | **1,102,239** | **378,628** |
| **NON-CURRENT LIABILITIES** | | | |
| Trade and other payables | 8 | (45,318) | - |
| Provisions | 10 | (78,244) | (65,723) |
| **Total non-current liabilities** | | **(123,562)** | **(65,723)** |
| **Total assets less liabilities** | | **978,677** | **312,905** |
| **TAXPAYERS' EQUITY AND OTHER RESERVES** | | | |
| General fund | SoCTE | 631,792 | 274,394 |
| Revaluation reserve | SoCTE | 346,885 | 38,511 |
| **Total equity** | | **978,677** | **312,905** |

Steven Boyd MBE
Chief Executive Officer and Accounting Officer
30 June 2021

The notes on pages 62 to 90 form part of these accounts.

# STATEMENT OF CASH FLOWS

## FOR THE PERIOD ENDED 31 MARCH 2021

| | Note | 2020-21 £'000 | 2019-20 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net operating (expenditure)/income | SoCNE | 587,108 | (1,262) |
| | | | |
| **Adjustment for non-cash items** | | | |
| Adjustments for non-cash income | 16 | (735,808) | (25,546) |
| (Increase)/decrease in trade and other receivables | 17 | 14,395 | (111,549) |
| Increase/(decrease) in trade and other payables | 17 | 52,470 | 47,492 |
| Adjustments for non-cash expenditure | 17 | 115,603 | 11,802 |
| Movement in capital accruals | | (10,405) | (1,308) |
| **Net cash outflow from operating activities** | | **23,363** | **(80,371)** |
| | | | |
| Gain on acquisition | | - | 3,920 |
| **Net cash inflow from non-operating activities** | | **-** | **3,920** |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of Property, plant and equipment & Intangible assets | 5, 5a | (28,819) | (8,560) |
| Movements from capital accruals | | 10,405 | 1,308 |
| **Net cash outflow from investing activities** | | **(18,414)** | **(7,252)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Cabinet Office funding | SoCTE | 85,938 | 90,534 |
| **Net financing** | | **85,938** | **90,534** |
| | | | |
| **Net increase/(decrease) in cash in the period** | | | |
| Net increase in cash in year | | 90,887 | 6,831 |
| Cash and cash equivalents at the beginning of the period | SoFP | 14,431 | 7,600 |
| | | | |
| **Cash and cash equivalents at the end of the period** | | **105,318** | **14,431** |

The notes on pages 62 to 90 form part of these accounts.

# STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

## FOR THE PERIOD ENDED 31 MARCH 2021

| | Note | General Fund £'000 | Revaluation Reserve £'000 | Total Reserves £'000 |
|---|---|---|---|---|
| **Balance at 1 April 2019** | | **164,714** | **31,711** | **196,425** |
| Cabinet Office funding | SoCF | 90,534 | - | 90,534 |
| Net (expenditure)/income for the year | SoCNE | 2,658 | | 2,658 |
| *Assets and liabilities introduced and removed:* | | | | |
| Deemed settlement of intragroup net liability | 17 | 17,459 | - | 17,459 |
| **Non-cash adjustments** | | | | |
| Auditors remuneration | 3 | 120 | - | 120 |
| **Movements in reserves** | | | | |
| Revaluation gain | 5 | - | 5,709 | 5,709 |
| Net gain/(loss) on revaluation of intangible assets | 5a | - | - | - |
| Other reserves movements including transfers | | (1,091) | 1,091 | - |
| **Balance at 31 March 2020** | | **274,394** | **38,511** | **312,905** |
| Cabinet Office funding | SoCF | 85,938 | - | 85,938 |
| Net (expenditure)/income for the year | SoCNE | 587,108 | - | 587,108 |
| **Non-cash adjustments** | | | | |
| Auditor's remuneration | 3 | 195 | - | 195 |
| **Movements in reserves** | | | | |
| Revaluation gain | 5 | - | (7,469) | (7,469) |
| Net gain/(loss) on revaluation of intangible assets | 5a | - | - | - |
| Other reserves movements including transfers | | (315,843) | 315,843 | - |
| **Balance at 31 March 2021** | | **631,792** | **346,885** | **978,677** |

The notes on pages 62 to 90 form part of these accounts.

# NOTES TO THE ACCOUNTS

## 1 STATEMENT OF ACCOUNTING POLICIES

### 1.1 STATEMENT OF COMPLIANCE

These accounts have been prepared under the Government Resources and Accounts Act 2000 and in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The accounts have been prepared under an accounts direction issued by HMT. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the GPA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the GPA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 1.2 BASIS OF PREPARATION

These accounts have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of Property, plant and equipment (PPE). The GPA was created to hold, manage and get the best out of the government's general purpose accommodation and has not been established with a profit motive. The GPA has grown through 2019-20 and 2020-21 by the transfer in of assets from other government departments as part of its programme of on-boarding activities, which will continue over the next 2-3 years. The GPA's Financial Statements and results, as Executive Agency of Cabinet Office, are consolidated within the Cabinet Office Group. GPA has no subsidiaries.

### 1.3 GOING CONCERN

The accounts for the GPA have been prepared on the basis that the GPA is a going concern.

Parliament has authorised spending for 2021-22 in the Central Government Main Supply Estimates 2021-22 (HC14). In addition to the receipt of funding from the Cabinet Office, the GPA invoices property costs to the tenant occupiers. For the 2020-21 financial year, we strengthened our income through a new charging model for all clients which we implemented in stages throughout the year. These charges will continue to grow as the GPA property portfolio expands and with time will provide the necessary funding for GPA to operate. GPA's Tailored Review took place in 2020 which strongly supported the vision for the GPA, confirming that executive agency status is appropriate.

### 1.4 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of accounts requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Accounting Date and amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the GPA's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the accounts:

**a) Transfer of assets from other government departments**
The transfer of assets and programmes to the GPA have been assessed in accordance with the FReM and other frameworks covering all such transfers.

Where it can be demonstrated that a "Transfer of Function" has taken place within a departmental group the transfer has been applied as Transfer by Absorption, with net assets being brought onto the accounts at carrying value from the date of transfer and recognition of a non-operating gain (or loss) on transfer.

Where individual assets have been transferred without a function, these have been transferred at fair value from the date of transfer with an equal and opposite operating capital grant-in-kind to the Statement of Comprehensive Net Expenditure. This treatment aligns with that applied under International Accounting Standard (IAS) 20 Accounting for government grants and disclosure of government assistance to assets funded by way of grant, and where assets transferred for nil consideration are considered to be donated assets in kind.

Freehold properties on boarded from other Government entities are subject to measured surveys and valuations by professional valuers following guidance set by RICS and agreed with the transferring department with the transfer being at fair value in accordance with the FReM.

**b) IAS 16 treatment for Property, plant and equipment**

IAS 16 – Property, plant and equipment has been applied to all of the Property, plant and equipment held by the GPA. Under IAS 16, Property, Plant and Equipment assets are initially measured at cost, subsequently measured using the revaluation model as allowable under the FReM, and depreciated so that the depreciable amount is allocated on a systematic basis over the useful life.

The prime objective of the GPA is to facilitate the efficient use of government estate assets and these assets are therefore not being held to generate a return or for capital appreciation. The adoption of IAS 40 Investment Property is not considered appropriate as assets are being held for operational purposes rather than as investment assets. The budgeting consequences of adopting IAS 16 will be no different than if properties had remained on an individual department's books. On this basis, HMT has agreed to the GPA adopting IAS 16.

**c) Determining whether an arrangement contains a lease**

The GPA makes judgements about the classification of long-term arrangements as containing a lease based on an evaluation of the terms and conditions of each arrangement, whether the arrangement depends on a specific asset or assets and whether the arrangement conveys a right to use the asset.

## LEASE CLASSIFICATION

**d) GPA as a lessee**

The GPA determines, based on an evaluation of the terms and conditions of each arrangement, whether it retains or acquires the significant risks and rewards of ownership of the assets and whether it meets the criteria for recognition as a finance or operating lease in accordance with IAS 17 Leases.

The GPA uses the following criteria to determine if the lease is finance or operating in nature:

Whether the lease transfers ownership of the asset to the lessee by the end of the lease term;

Whether the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;

Whether the lease term is for the major part of the economic life of the asset even if title is not transferred;

Whether the leased assets are of such a specialised nature that only the lessee can use them without major modifications; and

Whether at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

**e) GPA as a lessor**

The GPA makes judgement as to who in substance should recognise the asset under the provisos of IAS 16.7. For a tenant to recognise the asset they would be substantially consuming the full economic benefit of the asset over the majority of the useful life of the asset. To assist with the judgement the following criteria are considered in addition to the criteria as a lessee:

Whether the signed Terms of Occupation Agreements (TOA) are of a similar length to the useful economic life of the asset;

Whether the building is multi-tenanted or just occupied by the prior "owner";

Whether the asset is shared or is in use for one particular tenant.

There is a materiality of £1 million for considering assets as standalone for the purposes of the above considerations; where an individual item falls below this threshold, they will be grouped together as appropriate with assets within the same GPA occupation (where possible).

**f) Leasehold improvements**
Where leasehold improvements have taken place, a review of the head lease and the TOA in relation to the property is undertaken by the GPA. If the majority of the property improvements are to space occupied by a single tenant and the occupant's tenancy is for the life of the head lease then the tenant is deemed to be in receipt of economic benefit and therefore the asset is recognised by the tenant rather than GPA. Where the improvements are deemed to be for the benefit of all tenants and/or the life of those improvements extends past individual tenancies, GPA recognises the leasehold improvements within property, plant and equipment.

**g) Property Valuations**
Freehold properties held by the GPA are shown at fair value as calculated by independent qualified valuation experts. Valuations are based on a number of key assumptions including the market rent for each property and an appropriate yield. These are derived based on an analysis of comparable property transactions and in accordance with relevant RICS guidance. Valuations are prepared based on level 2 inputs - inputs that can be corroborated by observable market data - as per the IFRS 13 Fair Value hierarchy of inputs. In preparing these valuations, consideration is given also to some level 3 unobservable inputs; rent free periods and other inducements and interpretation of observable rents and yields which can be applied to the subject property.

Significant increases/(decreases) in the market rent would result in a higher/(lower) valuation. Significant increases/(decreases) in the yield would result in a lower/(higher) valuation.

**h) Impairment of assets**
Impairments of trade and other receivables stem from doubtful debt provisions and bad debt write offs. A credit loss is recognised in the SoCNE and a loss allowance is established against specific debts by reference to payment history against settlement terms and the expectancy of future payments. Where the credit risk increased significantly and the risk is no longer considered low the full lifetime expected credit losses are recognised in the SoCNE.

IFRS 9 requires recognition of 'expected' losses rather than 'incurred' losses.

An allowance for expected credit loss is determined for all financial assets in the context of forecast future economic conditions. IFRS 9 introduces a 3-stage Expected Credit Loss (ECL) impairment model which requires different levels of provision based on relative changes in the credit risk of a debt instrument since its initial recognition.

An adaptation to the FReM allows that balances with core central Government Departments (including their executive agencies) are excluded from recognising stage 1 and stage 2 impairments. ALBs are excluded from this exemption.

**Stage 1** – Credit risk has not increased significantly since initial recognition of the asset. Provision is held for an expected credit loss resulting from possible default events over the next 12 months.

**Stage 2** – Credit risk has significantly increased since initial recognition of the asset. Provision is held for expected credit losses from possible default events over the expected life of the asset.

**Stage 3** – Objective evidence of impairment exists. Provision is held for full impairment.

GPA takes the 'simplified' approach permitted under the standard which eliminates the need to calculate a 12 month ECL and to assess when a significant increase in credit risk has occurred.

GPA estimates ECL by classifying categories of trade and other receivables by risk and applying an impairment based on judgement on expectancy of future payments, historic experience of write-offs and age of the debt. Market information is considered where available.

**i) Dilapidation Provisions**
Provisions for dilapidation charges are based on the best estimate of the amount required to settle the obligation following an assessment of risks and uncertainties, terms of legal agreements, and where appropriate, independent professional valuation reports.

A provision is made for estimated costs based on valuations where the likelihood of settlement is material and imminent or via the use of industry standard calculations/methodologies. A corresponding receivable, calculated on the same basis will also be recognised in the SoFP with any difference from the established liability arising from voids being recognised in the SoCNE.

## 1.5 OPERATING SEGMENTS

Operating segments are based on the main areas of business activity and align with performance reporting. They are evaluated regularly by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources and in assessing performance. The CODM has been identified as the Accounting Officer supported by the Board.

## 1.6 EMPLOYEE BENEFITS

### SHORT-TERM BENEFITS

Where an employee has rendered service to the GPA during the financial year, the GPA recognises as an expense the undiscounted amount of short-term employee benefits expected to be paid wholly in exchange for that service before 12 months after the end of the reporting period.

Annual leave earned but not taken by year-end is recognised on an accruals basis. Performance non-consolidated payments are recognised when the appraisal process has been finalised.

## 1.7 REVENUE

Revenue is the gross inflow of economic benefits arising from the ordinary operating activities of the GPA.

### OPERATING INCOME RECOGNISED IN SOCNE

**Rental income**
Rental income, including fixed rental uplifts, is recognised in accordance with IAS 17 on a straight-line basis over the term of the lease which is considered to be the date of the lease commencement to the earliest termination date. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Lease incentives, such as rent-free periods and contributions towards

tenant costs are recognised evenly over the period from the date of the lease commencement to the earliest termination date.

Incentives for the agreement of a new or renewed operating lease given to tenants are recognised as a reduction of the rental income over the lease term, irrespective of the incentive's nature or form, or the timing of payments.

**Other income**
Other income relates to capital grant income and non-rental income, which have been recognised in accordance with IFRS 15 on revenue recognition. Service charge and utilities recharge revenue is recognised in accordance with IFRS 15 revenues from contracts with customers. This income arises from tenant leases, which provide for the recovery of all or a portion of the operating expense incurred by the GPA. The non-rental element of the contract is

separated from the lease rental element and assessed by reference to the operating costs incurred in relation to each lease and rental space. Non-rental income is recognised in the same period as the expenses are incurred. This income is recognised when it is received or when the right to receive payment is established by the contract.

Non-rental income includes fees for commercial advisory work such as lease term renegotiation, whereby GPA receives a share of any savings achieved (gain share) compared to the terms of the existing lease arrangement.

On occasion this share of savings is given as an additional budget via a budget transfer. In this instance, the gain share is recognised through funding.

**Non-operating income recognised in the SoCNE**
Non-operating income relates to the on-boarding of activities into the GPA being capital grants in kind for assets transferred in line with the GPA functions and a gain on acquisition as a result of the "Transfer of Function" as described at 1.4a accounting judgements.

Capital grant-in-kind is the mechanism for the transfer of assets from one public sector body to another for nil consideration. The recognition criteria are set out in the FReM and results in assets recognised as donated assets with equal and opposite capital grant-in-kind income in accordance with IAS 20.

A net operating gain (or loss) on acquisition is reflected in the accounts of the two bodies involved. The GPA recognised a non-operating gain on transfer in the 2019-20 Annual Report and Accounts, the information is reconciled in note 15, there are no transfers of function in 2020-21.

## 1.8 TAXATION

Some of the activities of the GPA are outside the scope of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT. The net amount due from/to HM Revenue and Customs (HMRC) in respect of VAT is included within receivables and payables in the SoFP as appropriate.

The GPA being a Crown body is not subject to corporation, income, stamp duty land tax or capital gains taxes.

## 1.9 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognised initially at cost and thereafter carried at fair value less depreciation and impairment charged subsequent to the date of revaluation, except for art and antiques which are treated as Heritage Assets which are non-depreciating. Cost comprises the value of the donated asset or the amount of cash paid to acquire the asset and includes any costs necessary to bring the asset into working condition for its intended use. The capitalisation threshold for expenditure on property, plant and equipment is £5,000. Some heritage assets, have been transferred to the GPA. The value of these are immaterial and, on this basis, they are neither revalued, depreciated nor indexed.

Any revaluation surplus is credited to the revaluation reserve except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the SoCNE, in which case the increase is recognised in the SoCNE. A revaluation deficit is recognised in the SoCNE, except to the extent of any existing surplus in respect of that asset in the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit are taken to the SoCNE.

## 1.10 DEPRECIATION AND IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Useful lives and residual values are reviewed annually and, where adjustments are required, these are made prospectively. Asset lives are in the following ranges:

| | |
|---|---|
| Freehold buildings, including dwellings | 10 to 60 years |
| Leasehold building improvements | over the remaining term of the lease |
| Information technology and office equipment | 2 to 14 years |
| Plant and machinery | 3 to 25 years |
| Furniture and fittings | 3 to 14 years |

Assets in the course of construction are not depreciated until the assets are available for use. No depreciation is provided on freehold land and heritage assets since they have unlimited or very long estimated useful lives, nor on non-current assets held for sale which meet IFRS 5 Non-current Assets Held for Resale and Discontinued Operations criteria. Assets continue to depreciate until they are derecognised, even if during that period they are idle.

The carrying values of Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If an asset is determined to be impaired, the asset is written down immediately to its recoverable amount.

Where there is no reasonable certainty that the GPA will obtain ownership at the end of the lease – the asset is depreciated over the shorter of the lease term or the life of the asset.

## 1.11 REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Land, buildings and dwellings are revalued to fair value every five years using professional valuations prepared in accordance with current Royal Institution of Chartered Surveyors (RICS) valuation standards. Each property is revalued on a rotational basis on a five-year cycle. Ordinarily, in the interim years annual indexation is applied at a rate deemed to be appropriate by the independent valuers.

Properties are valued primarily using Existing Use Value (EUV) approach and estimated using the investment method with key inputs and assumptions being the floor areas, estimated market rent and yield.

Due to the potential for the impact of COVID-19 on commercial property activity to have materially affected the value of GPA's land, building and dwelling assets as at the reporting date, desktop valuations were provided by the independent valuers for all properties not subject to physical inspection (full valuation) during 2020-21.

The COVID-19 impact on the office property market has been reflected in key inputs into the valuations (i.e. rent and yields) and it is expected that COVID-19 will continue to affect the office property market and consequently valuations of GPA properties over the coming years.

Leasehold improvements, plant and machinery, IT hardware, and fixtures and fittings assets are all revalued each year using relevant indices including BCIS and ONS indices.

## 1.12 DONATED ASSETS

Donated assets which are held for their service potential are capitalised at current value in existing use.

The value of donated assets is recognised as capital grant-in-kind income. Any subsequent revaluation surplus is credited to the revaluation reserve except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the SoCNE, in which case the increase is recognised in the SoCNE. A revaluation deficit is recognised in the SoCNE, except to the extent of any existing surplus in respect of that asset in the revaluation reserve.

## 1.13 INTANGIBLE ASSETS

Intangible assets are defined as identifiable non-monetary assets without physical substance. Intangible assets are measured on initial recognition at cost. The capitalisation threshold for expenditure on intangible assets for the agency is £5,000.

Following initial recognition, where an active market exists, intangible assets are carried at fair value in the SOFP. Where no active market exists, the Agency uses published indices to assess the depreciated replacement cost. Expenditure that does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

Development expenditure is recognised as an intangible asset when the Agency can demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use; its intention to complete and its ability to use the asset; how the asset will generate future economic benefits; the availability of resources to complete the asset; and the ability to measure reliably the expenditure during development.

Research costs are expensed as incurred. Following initial recognition of development expenditure as an asset, where an active market exists, the asset is subsequently measured at fair value. Where no active market exists, the asset is carried at amortised replacement cost, indexed for relevant price increases, as a proxy for fair value.

## 1.14 AMORTISATION OF INTANGIBLE ASSETS

Intangible assets are currently assessed to have a finite life of between three and five years and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Assets in the course of construction are not amortised until the assets are brought into use. Externally acquired computer software licences are amortised over the shorter of the term of the licence and the useful economic life of three to six years.

## 1.15 ASSETS CLASSIFIED AS HELD FOR SALE

Assets held for sale are assets where the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

For an asset to be classified as held for sale, it must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets; its sale must be highly probable; and it must genuinely be expected to be sold, not abandoned. Items of property, plant and equipment that are classified as held for sale are written down to fair value less costs to sell if lower than their carrying value, and are not depreciated further.

## 1.16 FINANCE LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Finance leases are recorded as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments. Finance lease payments are apportioned between the finance interest charge and the reduction of the outstanding lease liability.

## 1.17 OPERATING LEASES

Operating leases are charged to the SoCNE on a straight-line basis over the lease term.

Rental income arising from operating leases are accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis. The aggregate costs of incentives provided by lessors are recognised as a reduction of rental expenditure over the lease term on a straight-line basis.

## 1.18 FINANCIAL ASSETS

IFRS 9 Financial Instruments reflects the business model in which assets are managed and their cash flow characteristics and contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit and Loss (FVTPL) or net operating expenditure as interpreted by the FReM.

## TRADE RECEIVABLES

Trade and other receivables are recognised in line with IFRS 9 initially at fair value and recoverable amount and subsequently measured at amortised cost.

Impairments of trade and other receivables stem from doubtful debt provisions and the write off of bad debt. A credit loss is recognised in the SoCNE and a loss allowance is established against specific debts by reference to payment history against settlement terms and the expectancy of future payments.

## 1.19 CASH AND CASH EQUIVALENTS

Cash in the SoFP comprises cash at bank and in hand. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash at bank only. The GPA is funded by Parliamentary Funding drawn down through the Cabinet Office as part of the Supply process - the GPA draws down Funding from the Consolidated Fund via the Cabinet Office, up to the limits set and agreed as part of the Supply Estimates process.

## 1.20 FINANCIAL LIABILITIES

Financial liabilities are held at amortised cost. Financial liabilities are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

## TRADE PAYABLES AND ACCRUALS

Trade payables and accruals are recognised initially at cost, which is deemed to be materially the same as the fair value and subsequently measured at amortised cost.

## 1.21 PROVISIONS

A provision is recognised when the GPA has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

For dilapidations, a provision is made for estimated costs based on valuations where the likelihood of settlement is material and imminent or via the use of industry standard calculations/methodologies.

HMT discount rates for general provisions are applied where appropriate.

## 1.22 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent assets and liabilities are treated in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, where they meet the criteria.

The GPA discloses a contingent asset where it is probable that there will be an inflow of economic benefits from an event whose outcome is uncertain. An estimate of the financial effect is indicated where possible.

## 1.23 IMPENDING APPLICATION OF NEWLY ISSUED ACCOUNTING STANDARDS NOT YET EFFECTIVE

The following standards and amendments are expected to be applied in future accounting periods as directed by the Financial Reporting Manual.

## IFRS 16 LEASES

IFRS 16 Leases deals with the definition of a lease and recognition and measurement of leases and establishes principles for disclosures. The standard replaces IAS 17 and is effective from1 April 2022. The Agency planned to adopt IFRS 16 with effect from 1 April 2021, however due to the disruption caused by the COVID-19 pandemic, HM Treasury decided to delay the implementation of IFRS 16 for public sector bodies for one year. The Agency will adopt IFRS 16 with effect from 1 April 2022.

**Impact on Lessee Accounting**
For arrangements where the Agency is the lessee, IFRS 16 will result in almost all operating leases being brought on the balance sheet, as the distinction between operating and finance leases is removed, and is replaced by a model where a right of use asset and a corresponding liability are recognised except for short term leases and leases of low value assets.

The right of use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. Cost comprises the initial measurement of the lease liability together with lease payments made on or before the lease commencement date, initial direct costs and an estimate of any repairs and/or reinstatement costs.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. The classification of cash flows will also be impacted as operating lease payments under IAS 17 are presented in operating cash flows; whereas under the IFRS 16 model, the lease payments are split into a principal and an interest portion which will be presented as financing and operating cash flows respectively. In addition, extensive disclosures are required by IFRS 16.

**Impact on Lessor Accounting**
The standard will also impact the Agency's financial position as a lessor, and it will have to assess whether the lease should be treated as finance lease or operating lease. Where it is determined that as lessor a finance lease is the appropriate treatment, the right of use asset (or in some cases freehold property asset) will be derecognised in favour of a lease receivable, which will be amortised in a similar manner to the lease liability as described above, but recognising interest as financing income. A gain or loss on disposal of the right of use or freehold property asset will be recognised in the Statement of Changes in Net Expenditure at the time of the recognition of the lease receivable.

The Agency will adopt the modified retrospective transition option provided by the standard which allows the right-of-use assets to be measured on transition at the amount of the lease liability on adoption calculated on the basis of prospective cash flows to the end of the lease.

The following disclosures relating to the remaining lease commitments are based on leases existing at the current reporting date and will be affected by leases contracted in the ensuing period to 1 April 2022.

**The Agency as Lessee**
The Agency as lessee, expects to recognise lease liabilities and an increase to Property, plant and equipment of approximately £1,014,719k through the recognition of lessee contracts of the current portfolio on 1 April 2022.

**The Agency as Lessor**
The Agency, as a lessor expects to reclassify a large portion of its sublease arrangements as finance leases. The leased assets of a total value of approximately £513,513k will be derecognised and finance lease asset receivable will be recognised.

The impact of the adoption of IFRS 16 is still under review and accordingly adjustments may be subject to change as the Agency finalises its processes and defines the exact amount of properties under management on the IFRS 16 implementation date.

This assessment does not include the impact of IFRS 16 on the leases of future Hub properties which are not yet operational. This is because that the Agency has not yet signed leases for those properties, either as a lessee or as a lessor, and there is significant uncertainty concerning the commercial policies regarding the charges to subtenants and the duration of the sublease agreements. For those properties that have been included in these estimates there is also an element of uncertainty associated to the exact number and duration of the subleased occupations that will be in existence on the date of the IFRS16 official adoption.

## IFRS17 INSURANCE

The following standard is expected to be applied in 2023-24 following EU adoption and consultation, IFRS 17 Insurance. It is not envisaged that the expected changes will have any impact on the GPA.

## OTHER CHANGES

The EU has postponed indefinitely the endorsement process of IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. It is not envisaged that the expected changes will have any impact on the GPA.

# 2. OPERATING INCOME

| | Note | 2020-21 £'000 | 2019-20 £'000 |
|---|---|---|---|
| Rental income | | 150,816 | 114,652 |
| Non-rental income | | 182,055 | 165,276 |
| Capital grant income (recharges) | | 811 | 1,863 |
| Capital grant-in-kind transfers of assets from other government departments | 16 | 735,808 | 21,626 |
| **Total** | | **1,069,490** | **303,417** |

The GPA receives rental income for rent on landlord services.

The GPA receives non-rental income from the asset management and workplace services it provides to tenants of its freehold and leasehold buildings. GPA tenancies are with other government bodies and are supported by Memorandum of Terms of Occupation (MOTOs) and Terms of Agreement (TOAs), which set out the services to be provided. Services are billed quarterly in advance based on estimated costs for regular charges, with an annual adjustment to actual costs incurred. For ad-hoc work, services are billed monthly in arrears.

# 3. EXPENDITURE

| | Note | 2020-21 £'000 | 2019-20 £'000 |
|---|---|---|---|
| **Staff costs** | | | |
| Wages & salaries* | | 9,581 | 6,776 |
| Agency staff | | 5,634 | 3,543 |
| Untaken Annual leave | | 166 | 98 |
| Other pension costs | | 2,540 | 1,832 |
| Social security costs | | 1,091 | 774 |
| Apprenticeship levy | | 58 | 41 |
| Inward secondment | | 129 | - |
| Recoveries in respect of outward secondments | | (87) | - |
| Staff engaged in capital projects | | (1,748) | - |
| **Total** | | **17,364** | **13,064** |
| | | | |
| Accommodation and utilities | | 276,428 | 232,064 |
| Rates | | 47,370 | 38,170 |
| Professional services | | 7,620 | 4,476 |
| Other staff-related cost | | 427 | 326 |
| IT costs | | 1,529 | 1,325 |
| Supplies and services | | 173 | 535 |
| Travel, subsistence and hospitality | | 88 | 1,069 |
| Consultancy | | 1,337 | 229 |
| Capital Grant Expenditure | | 9,761 | 1,634 |
| **Total** | | **344,733** | **279,828** |
| | | | |
| **Non Cash items** | | | |
| Depreciation | 5 | 13,563 | 13,416 |
| Movement in provisions | | 16,046 | (1,749) |
| Auditor's remuneration | | 195 | 120 |
| Amortisation | 5a | 70 | - |
| Impairment - property, plant and equipment | 5 | 85,631 | - |
| Impairment - trade receivables | 6 | 4,680 | - |
| Asset held for sale - loss on change in fair value | 6a | 100 | - |
| **Total** | | **120,285** | **11,787** |
| | | | |
| **Total expenditure** | | **482,382** | **304,679** |

* Further detail is available in the Remuneration and Staff Report

# 4. SEGMENTAL ANALYSIS

In accordance with IFRS 8 Operating segments, the GPA is required to report financial and descriptive information about its operating segments. These are components about which separate financial information is available. Financial information is required to be reported on the same basis as is used internally by the GPA decision makers. These are the Board and the Chief Executive Officer who evaluate performance regularly using operating segments. The GPA summarises its activities into two main segments as set out below.

GPA properties include the operational running expenditure and income of our estate used by our Clients. GPA includes the operational running expenditure and income of the Agency.
There are no significant transactions between the segments and where costs relate to more than one segment they are apportioned appropriately with reference to the underlying substance of the transaction. Operating income includes Capital Grant-in-kind of £735,808k (2019-20: £21,626k) in note 2 arising from the donation of assets to the GPA as part of its on-boarding process.

All non-current assets, which form a significant part of the SoFP relate to GPA Properties.

## MAJOR CUSTOMERS

The GPA's largest customer, excluding Capital Grant-in-kind, is BEIS. Income from BEIS totalled £60,183k (2019-20: £71,000k) for the year ended 31 March 2021. Other major customers of the GPA are: Department for Education (DfE), The Crown Prosecution Service, The Cabinet Office and Department for International Trade (DIT).

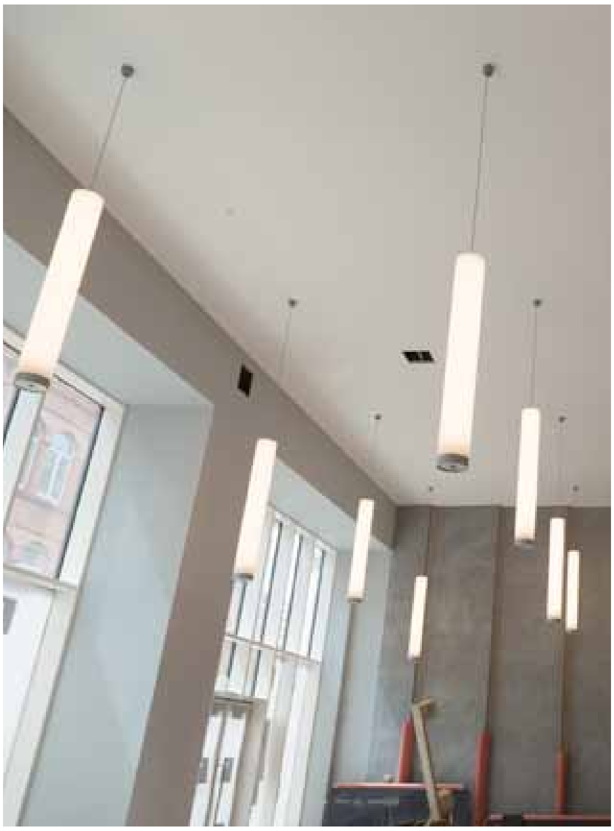
| | GPA PROPERTIES | GPA RUNNING COSTS | TOTAL 2020-2021 | GPA PROPERTIES | GPA RUNNING COSTS | TOTAL 2019-2020 |
|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Operating Income | (1,047,073) | (22,419) | (1,069,492) | (294,659) | (8,758) | (303,417) |
| Expenditure | 436,900 | 45,484 | 482,384 | 282,745 | 21,934 | 304,679 |
| **Net Operating (Income) Expenditure** | **(610,173)** | **23,065** | **(587,108)** | **(11,914)** | **13,176** | **1,262** |

# 5. PROPERTY, PLANT & EQUIPMENT

| | LAND £'000 | BUILDINGS EXCL. DWELLINGS £'000 | DWELLINGS £'000 | IT £'000 |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| **At 1 April 2020** | 46,196 | 68,165 | 7,497 | 3,871 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Impairment | - | (84,569) | (103) | - |
| Reclassifications | - | 1,345 | 1 | 13 |
| Asset transfer from other government bodies | 285,491 | 439,459 | - | 1,658 |
| Transfer to assets held for sale | (500) | (900) | - | - |
| Revaluations | (2,885) | (11,009) | (475) | 237 |
| **At 31 March 2021** | **328,302** | **412,491** | **6,920** | **5,779** |
| **Depreciation** | | | | |
| **At 1 April 2020** | - | 3,569 | 312 | 1,683 |
| Charged in year | - | 2,239 | 163 | 240 |
| Disposals | - | - | - | - |
| Reclassifications | - | 48 | - | 1 |
| Revaluations | - | (5,755) | (475) | 117 |
| **At 31 March 2021** | - | **101** | - | **2,041** |
| **Net book value at 31 March 2020** | **46,196** | **64,596** | **7,185** | **2,188** |
| **Net book value at 31 March 2021** | **328,302** | **412,390** | **6,920** | **3,738** |
| **Asset financing:** | | | | |
| Owned | 328,302 | 412,390 | 6,920 | 3,738 |
| **Net book value at 31 March 2021** | **328,302** | **412,390** | **6,920** | **3,738** |
| **Cost or valuation** | | | | |
| **At 1 April 2019** | 44,388 | 51,764 | 6,853 | 3,871 |
| Additions | - | - | - | - |
| Indexation | - | - | - | - |
| Reclassifications | - | - | - | - |
| Asset transfer from other government bodies | - | 13,036 | - | - |
| Transfer of function | - | - | - | - |
| Revaluations | 1,808 | 3,365 | 644 | - |
| **At 31 March 2020** | **46,196** | **68,165** | **7,497** | **3,871** |
| **Depreciation** | | | | |
| **At 1 April 2019** | - | 1,629 | 149 | 823 |
| Charged in year | - | 1,846 | 149 | 860 |
| Revaluations | - | 94 | 14 | - |
| **At 31 March 2020** | **-** | **3,569** | **312** | **1,683** |
| **Net book value at 31 March 2019** | **44,388** | **50,135** | **6,704** | **3,048** |
| **Net book value at 31 March 2020** | **46,196** | **64,596** | **7,185** | **2,188** |
| **Asset financing:** | | | | |
| Owned | 46,196 | 64,596 | 7,185 | 2,188 |
| **Net book value at 31 March 2020** | **46,196** | **64,596** | **7,185** | **2,188** |

Impairments of £85,631k includes the impairment of Old Admiralty Building (£80,000k) see note 16.
Reclassifications include entries to resolve historic rounding issues.

| | PLANT & MACHINERY £'000 | LEASEHOLD IMPROVEMENTS £'000 | FURNITURE & FITTINGS £'000 | HERITAGE ASSETS £'000 | ASSETS UNDER CONSTRUCTION £'000 | TOTAL £'000 |
|---|---|---|---|---|---|---|
| | 4,210 | 100,967 | 4,747 | 58 | 4,462 | **240,173** |
| | - | - | - | - | 27,932 | **27,932** |
| | - | (1,514) | - | - | - | **(1,514)** |
| | (157) | (757) | (45) | - | - | **(85,631)** |
| | (1) | 103 | - | - | (1,458) | **3** |
| | 4,371 | 4,531 | 298 | - | - | **735,808** |
| | - | - | - | - | - | **(1,400)** |
| | 175 | (269) | 478 | - | - | **(13,748)** |
| | **8,598** | **103,061** | **5,478** | **58** | **30,936** | **901,623** |
| | 230 | 17,091 | 1,086 | - | - | **23,971** |
| | 195 | 10,072 | 654 | - | - | **13,563** |
| | - | (1,514) | - | - | - | **(1,514)** |
| | (1) | (48) | 1 | - | - | **1** |
| | 20 | (363) | 177 | - | - | **(6,279)** |
| | **444** | **25,238** | **1,918** | - | - | **29,742** |
| | | | | | | |
| | **3,980** | **83,876** | **3,661** | **58** | **4,462** | **216,202** |
| | **8,154** | **77,823** | **3,560** | **58** | **30,936** | **871,881** |
| | 8,154 | 77,823 | 3,560 | 58 | 30,936 | **871,881** |
| | **8,154** | **77,823** | **3,560** | **58** | **30,936** | **871,881** |
| | 290 | 89,293 | 4,095 | 58 | 5,160 | **205,772** |
| | - | - | - | - | 8,560 | **8,560** |
| | - | - | - | - | - | **-** |
| | - | 9,232 | 26 | - | (9,258) | **-** |
| | - | 2,442 | 626 | - | - | **16,104** |
| | 3,920 | - | - | - | - | **3,920** |
| | - | - | - | - | - | **5,817** |
| | **4,210** | **100,967** | **4,747** | **58** | **4,462** | **240,173** |
| | 35 | 7,272 | 539 | - | - | **10,447** |
| | 195 | 9,819 | 547 | - | - | **13,416** |
| | - | - | - | - | - | **108** |
| | **230** | **17,091** | **1,086** | **-** | **-** | **23,971** |
| | | | | | | |
| | **255** | **82,021** | **3,556** | **58** | **5,160** | **195,325** |
| | **3,980** | **83,876** | **3,661** | **58** | **4,462** | **216,202** |
| | 3,980 | 83,876 | 3,661 | 58 | 4,462 | **216,202** |
| | **3,980** | **83,876** | **3,661** | **58** | **4,462** | **216,202** |



# 5a. INTANGIBLE ASSETS

| | SOFTWARE LICENCES £'000 | ASSETS UNDER CONSTRUCTION £'000 | TOTAL £'000 |
|---|---|---|---|
| **Cost or valuation** | | | |
| **At 1 April 2020** | - | - | **-** |
| Additions | - | 887 | **887** |
| Reclassifications | 330 | (330) | **-** |
| **As at 31 March 2021** | **330** | **557** | **887** |
| **Amortisation** | | | |
| **At 1 April 2020** | - | - | **-** |
| Charged in year | 70 | - | **70** |
| **As at 31 March 2021** | **70** | **-** | **70** |
| **Carrying amount** | | | |
| **Net book value** | | | |
| **As at 31 March 2021** | **260** | **557** | **817** |
| **Asset financing:** | | | |
| Owned | 260 | 557 | **817** |
| **As at 31 March 2021** | **260** | **557** | **817** |

# 6. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

| | Note | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| | | £'000 | £'000 |
| **Amounts falling due within one year** | | | |
| Trade and other receivables | | 50,912 | 75,040 |
| Prepayments | | 27,964 | 36,470 |
| Current lease incentive receivables | | 601 | 9,367 |
| Accrued income | | 37,820 | 29,721 |
| VAT | | - | 4,592 |
| Deposits and advances | | 23 | - |
| Amounts from OGDs to offset GPA provisions | | 12,193 | 2,608 |
| **Total receivables within one year** | | **129,513** | **157,798** |
| | | | |
| **Amounts falling due after one year** | | | |
| Amounts from OGDs to offset GPA provisions | | 64,344 | 65,608 |
| Non-current lease incentive receivables | | 23,499 | - |
| Deposits and advances | | 5,460 | 5,483 |
| **Total receivables after one year** | | **93,303** | **71,091** |

Trade receivables in respect of contracts with customers amounted to £42,610k (2019-20: £50,500k).

Accrued income in respect of contracts with customers amounted to £23,079k (2019-20: £27,800k).

The deposits and advances of £5,460k (2019-20 £5,483k) relates to the amortisation of an operating lease premium on land at St Paul's Place, Sheffield. The lease term is for 250 years starting in 2007 and expiring in 2257. This was on-boarded from DfE in 2019-20 and is amortised annually over the term of the lease.

Current lease incentives receivables are calculated from the 2020-21 unwinding of lease receivables for the period.

Trade Receivables are non-interest bearing and generally on 30 day's terms and are shown net of a provision for impairment. Included in trade receivables is a provision for impairment of bad debt at a total of £4,680k (2019-20 NIL) taken against receivables which are assessed annually for likelihood of recoverability and expected credit losses. See note 6b.

# 6a. ASSETS CLASSIFIED AS HELD FOR SALE

| | Note | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| | | £'000 | £'000 |
| **Balance at 1 April 2020** | | - | - |
| Gain/Loss on change in fair value | | (100) | - |
| Transfer from property, plant and equipment | 5 | 1,400 | - |
| **Balance as at 31 March 2021** | | **1,300** | **-** |

During the year GPA was commissioned to dispose of the former National Savings and Investments offices in Blackpool. The property was onboarded to GPA and subsequently transferred to assets held for sale once the relevant criteria were satisfied. The property is available for sale in its present condition, is being actively marketed and is expected to be disposed of within twelve months of its classification as an asset held for sale. Immediately before transferring to held for sale, the property was revalued to its market value, incurring an impairment of £777k. After transferring to assets held for sale, it was then revalued to its fair value less costs to sell, incurring a further impairment of £100k. Both impairments were charged to the SOCNE. No other assets are held for sale.

# 6b. PROVISION FOR EXPECTED CREDIT LOSSES

| | 2020- 2021 | 2019-2020 |
|---|---|---|
| | £'000 | £'000 |
| **At 1 April 2020** | - | - |
| Provided in the year | (4,680) | - |
| **At 31 March 2021** | **(4,680)** | - |

An allowance for expected credit loss is determined by reference to payment history against settlement terms. The GPA has a policy of internally reviewing aged debt using specific criteria for write-off. Trade receivables are non-interest bearing and are generally on 30 days terms and are shown net of a provision for impairment. Movements in the provision for impairment of receivables is as above.

# 7. CASH AND CASH EQUIVALENTS

| | Note | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| | | **£'000** | **£'000** |
| **Balance at 1 April 2020** | | **14,431** | **7,600** |
| Net change in cash and cash equivalent balances | | 90,887 | 6,831 |
| **Balance at 31 March 2021** | | **105,318** | **14,431** |
| | | | |
| The following balances were held at: | | | |
| Government Banking Service | | 105,318 | 14,431 |
| **Balance at 31 March 2021** | | **105,318** | **14,431** |
| | | | |
| The balance is held for use in respect of: | | | |
| Government Property Agency | | 105,318 | 14,431 |
| **Balance at 31 March 2021** | | **105,318** | **14,431** |

# 8. TRADE PAYABLES AND OTHER PAYABLES

| | Note | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| | | **£'000** | **£'000** |
| **Amounts falling due within one year** | | | |
| | | | |
| Deferred income | | 13,279 | 32,396 |
| Other payables (including Cabinet Office) | | 10,623 | 1,145 |
| Trade payables | | 3,266 | 4,796 |
| Current Lease incentive payables | | 1,991 | 9,319 |
| Accruals | | 55,750 | 30,267 |
| Accrual for untaken annual leave | | 466 | 300 |
| **Total payables within one year** | | **85,375** | **78,223** |
| | | | |
| **Amounts falling due after more than one year** | | | |
| Non-current lease incentive payables | | 45,318 | - |
| **Total payables after one year** | | **45,318** | **-** |

Trade payables in respect of contracts with customers amounted to £2,883k (2019-20: £3,500k) and deferred income in respect of contracts with customers amounted to £7,232k (2019-20: £15,700k). Current lease incentives payables are calculated from the 2020-21 unwinding of lease liabilities for the period.

# 9. FINANCIAL INSTRUMENTS

The GPA is not exposed to significant financial risk factors arising from financial instruments. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change by the risks facing the entity in undertaking its activities.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the financial instruments is equivalent to the carrying amount disclosed in the SoFP, Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, and trade and other payables. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value.

## CREDIT RISK

Credit risk is the risk that a third party will default of its obligations causing the GPA to incur a loss.

In general, exposure to credit risk arises from cash held by banks and trade and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amounts in the SoFP.

The GPA's cash assets are held within the Government Banking Service only and is therefore not exposed to significant credit risk.

Other government funded entities make up a significant portion of the GPA's receivables and it has been assessed these are low risk due to being government funded. However, where there is doubt over the recoverability of debt, the GPA will recognise a provision for impairment of trade receivables.

## LIQUIDITY RISK

Liquidity risk is the risk that the GPA will encounter difficulty in raising liquid funds to meet commitments as they fall due.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding. The GPA mostly manages liquidity risk by continuously monitoring forecast cash flow requirements and reporting these to the Cabinet Office.

## MARKET RISK

Market risk arises when changes in market price, such as foreign exchange rates, interest rates and equity prices, will affect their income of the value of its holding financial instruments.

The GPA's transactions are all undertaken in sterling so it is not exposed to foreign exchange risk. The company holds only cash balances and does not have any borrowings and as such operating cash flows are independent of changes in market interest rates. The GPA is exposed to movements in the property market as the GPA's assets consist predominantly of land and buildings.

The GPA is not exposed to significant market risk in relation to rents because rent costs are passed through to tenants. The risks associated with vacant space are mitigated in a number of ways. Tenants remain liable for the void cost as part of their occupation agreement if they exit early. On boarded departments retain the risk until March 2021 or the financial year after on-boarding. GPA retains some of the risks for hubs and risks for Whitehall Campus. GPA expect to have a small level of vacant space during 2021-22. The expected vacant space mainly relates to properties where there is ongoing major transformation and refurbishment works which will deliver long term savings.

# 10. PROVISIONS

| | Dilapidations | Onerous Leases | Total 31 March 2021 | Total 31 March 2020 |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **Balance at 1 April 2020** | 68,394 | - | 68,394 | 40,139 |
| Provisions offset by short term receivable | - | - | - | - |
| Provided in the year | 20,430 | 7,985 | 28,415 | 30,182 |
| Transfer of function | - | - | - | - |
| Provisions not required written back | (4,047) | - | (4,047) | (1,927) |
| Provisions utilised in the year | - | - | - | - |
| Borrowing costs (unwinding of discounts) | - | - | - | - |
| **Balance at 31 March 2021** | **84,777** | **7,985** | **92,762** | **68,394** |
| **Analysis of expected timings of discounted flows** | | | | |
| Not later than one year: | | | 14,518 | 2,671 |
| Later than one year but not later than five years: | | | 23,500 | 13,065 |
| Later than five years: | | | 54,744 | 52,658 |
| **Balance at 31 March 2021** | | | **92,762** | **68,394** |
| **Receivable recognised in respect of provisions** | | | | |
| | | | **31 March 2021** | **31 March 2020** |
| | | | **£'000** | **£'000** |
| Balance at 1 April 2020 | | | 68,216 | 38,212 |
| Provided in the year | | | 17,905 | - |
| Provisions not required written back | | | (9,584) | 30,004 |
| **Balance at 31 March 2021** | | | **76,537** | **68,216** |

The above receivable is split in the SoFP with £64,345k (2019-20 £65,608k) recognised as non-current trade and other receivables and the balance of £12,193k (2019-20 £2,608k) within trade and other receivables in current assets (note 6).

In 2020-21 GPA settled provision payables of £275k which were offset by receipt of a £275k settlement of provisions receivables.

Provisions relate to dilapidations for buildings managed by GPA and occupied by tenants.
An onerous lease provision is created where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Amounts recognised are subject to annual assessment and, where appropriate, valuation techniques to ensure amounts recognised are appropriate, adhere to the relevant standard and are supportable. Where appropriate, the charge is passed on to the occupying tenant and the GPA recognises a receivable balance in respect of these amounts as set out above, with the difference arising from voids being recognised in the SoCNE.

The agency's provision for dilapidations is mostly calculated based on an estimated rate per square metre of floor space for each property, with more detailed physical inspections carried out for leases close to expiry. The rates used are estimated based on historic settlements of dilapidations on expired occupations of similar properties. While holding all other assumptions constant, if the average rate per square metre of floor space was 10% higher (lower), the agency's dilapidation provision would increase (decrease) by £8,300k.

## RECONCILIATION OF PROVISIONS MOVEMENT TO THE SOCNE

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| | **£'000** | **£'000** |
| Provided in the year | 28,415 | 30,182 |
| Provisions not required written back | (4,047) | (1,927) |
| Provisions re-charged to tenants | (8,322) | (30,004) |
| **Balance at 31 March 2021** | **16,046** | **(1,749)** |

# 11. CAPITAL COMMITMENTS

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| | £'000 | £'000 |
| Property, plant and equipment | 8,558 | 3,286 |
| **Total capital commitments** | **8,558** | **3,286** |

# 12. LEASING

## OPERATING LEASES WITH TENANTS

The GPA leases out all of its properties under operating leases for average lease terms of 4 years to expiry. The future aggregate minimum rentals excluding contingent rents receivable under non-cancellable leases are as follows:

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| | £'000 | £'000 |
| Less than one year | 106,587 | 117,856 |
| Between one and five years | 300,154 | 291,897 |
| More than five years | 324,491 | 398,421 |
| **Total operating leases with landlords** | **731,232** | **808,174** |

## OPERATING LEASES WHERE THE GPA IS LESSEE

The GPA has various operating leases under non-cancellable operating lease agreements. The average lease term is 4 years and the majority have the ability to renew at the end of the term at a market rate. The future aggregate minimum payments are as follows:

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| | £'000 | £'000 |
| Less than one year | 117,904 | 123,212 |
| Between one and five years | 402,856 | 359,900 |
| More than five years | 456,264 | 452,677 |
| **Total operating leases with landlords** | **977,024** | **935,789** |

GPA has arranged to lease a number of Hub buildings in the future. As these are under construction and the commitment is currently of uncertain amount and timing, no commitment amounts have been included in the tables above for these Hubs.

# 13. OTHER FINANCIAL COMMITMENTS

Commitments relate to facilities management in buildings owned or leased by the GPA. This excludes financial commitments generated where the GPA is acting as agent for an asset owner. The asset owner will record the financial commitment.

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| | **£'000** | **£'000** |
| Not later than one year | 43,335 | 33,133 |
| Later than one year and not later than five years | 4,371 | 25,713 |
| **Total Other Financial Commitments** | **47,706** | **58,846** |

Facilities Management charges, where relating to properties occupied by tenants, are recharged as appropriate to the underlying tenants.

# 14. CONTINGENT LIABILITIES

| **Contingent Liabilities** | **31 March 2021** | | **31 March 2020** | |
|---|---|---|---|---|
| | **Quantifiable £000's** | **Non-Quantifiable** | **Quantifiable £000's** | **Non-Quantifiable** |
| London, Windsor House | - | | 2,300 | |

GPA disclosed a contingent liability of £2,300k at 31 March 2020 in respect of London, Windsor House. GPA and the various occupiers have made a significant level of improvements to the property and therefore, the likelihood of a dilapidations liability was deemed possible but not likely.

Following a review of the building agreements and the change in market conditions due to the COVID-19 pandemic, the likelihood of a dilapidations liability arising as at 31 March 2021 is now assessed as probable and therefore, meets the recognition criteria for provision. As a result, GPA have recognised a provision in 2020-21 of £2,446k in respect of dilapidations at London, Windsor House.

As the dilapidations charge for this property is fully passed on to the occupying tenants, an equal and offsetting receivable was also recognised.

# 15. TRANSFER OF FUNCTION

The transfer of assets and programmes to the GPA, are assessed for recognition and application in accordance with the FReM and other frameworks covering all such transfers.
The following table reflects the impact on the GPA Accounts arising from the transfer of Whitehall Systems on 1 April 2019: There have been no transfers of function in 2020-21.

| | Note | Transfer date 1 April 2020 £'000 | Transfer date 1 April 2019 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | - | 3,920 |
| **Total non-current assets** | | - | 3,920 |
| **Total assets** | | **-** | **3,920** |
| | | | |
| **Current liabilities** | | | |
| **Total current liabilities** | | - | - |
| **Total assets less current liabilities** | | **-** | **3,920** |
| | | | |
| **Non-current liabilities** | | | |
| **Total non-current liabilities** | | **-** | **-** |
| **Total assets less total liabilities** | | **-** | **3,920** |
| | | | |
| **Taxpayers' equity and other reserves** | | | |
| General fund | TpEq | - | 3,920 |
| **Total equity** | | **-** | **3,920** |

The GPA was donated one asset in 2019-20 to the value of £3,920k via a Transfer of Function arrangement.
No restrictions have been placed on these assets by the donor.

# 16. ASSET TRANSFERS

| | Note | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| | | £'000 | £'000 |
| **Statement of Financial Position** | | | |
| **Increase in Non-current assets** | | | |
| Property, plant and equipment | 5 | | |
| Foreign, Commonwealth & Development Office (FCDO) | | 275,578 | - |
| Department for Education (DfE) | | 214,000 | 20,229 |
| Department of Health and Social Care (DHSC) - HQ | | 76,800 | - |
| Land Registry | | 52,752 | - |
| UK Research and Innovation (UKRI) | | 19,100 | - |
| Department for International Trade (DIT) | | 17,650 | - |
| Home Office | | 14,490 | - |
| Department for Environment, Food & Rural Affairs (DEFRA) | | 14,005 | - |
| Companies House | | 13,650 | - |
| Department for Business, Energy & Industrial Strategy (BEIS) | | 9,500 | - |
| National Health Service (NHS BSA) | | 4,850 | - |
| Ministry of Justice (MoJ) | | 4,574 | - |
| Cabinet Office | | 4,050 | - |
| Crown Prosecution Service (CPS) | | 3,882 | - |
| National Health Service (NHS B&T) | | 2,750 | - |
| Department of Health and Social Care (DHSC) - Retained Estate | | 2,590 | - |
| National Savings and Investments (NS&I) | | 2,177 | - |
| National Health Service (NHS Digital) | | 1,775 | - |
| Other | | 1,635 | 1,397 |
| **Total increase in non-current assets** | | **735,808** | **21,626** |
| Recognition of these non-current assets is fully supported by Capital Grant in Kind Income recognised in the SoCNE | | | |
| **Statement of Comprehensive Net Expenditure** | | | |
| Capital Grant in Kind Income | 2 | (735,808) | (21,626) |
| Total Capital Grant in Kind Income | | **(735,808)** | **(21,626)** |
| **Transfer of revaluations reserves through General Reserves** | | | |
| General Reserve | | 316,196 | 1,183 |
| Revaluation Reserve | | (316,196) | (1,183) |

The GPA was donated assets to the value of £735,808k (2019-20: £21,626k - £20,229k of this was from DfE). No restrictions have been placed on these assets by the donor. £5,500k of the 2019-20 transfer was in respect of an operating lease premium and treated as a prepayment instead of Property, plant and equipment.

GPA onboarded Old Admiralty Building (OAB) in March 2021 from Department for Education (DfE). OAB had been undergoing significant refurbishment designed in light of the Listed status of the building. The value on transfer (£214,000k) represents a fair value determined by a professional valuation. Following a subsequent professional valuation at the reporting date, the asset was impaired to £134,000k to reflect its Market Value in existing use. The asset has remained in Government ownership throughout (see Note 5).

# 17. CASH FLOW RECONCILIATIONS

| | Note | 2020-21 | 2019-20 |
|---|---|---|---|
| | | £'000 | £'000 |
| Capital Grant in kind asset transfer | 2 | (735,808) | (21,626) |
| Transfer of function | 15 | - | (3,920) |
| **Total non-cash income** | | **(735,808)** | **(25,546)** |

| | Note | 2020-21 | 2019-20 |
|---|---|---|---|
| | | £'000 | £'000 |
| Movement in Short term receivable | 6 | 28,285 | (105,245) |
| Movement in Long term receivable | 6 | (22,212) | (35,294) |
| Deemed settlement of intragroup asset | TpEq | - | (6,522) |
| Non cash movement in dilapidation provisions recharged to tenants (ST & LT) | 10 | 8,322 | 30,006 |
| Non cash movement on Asset transfer | | - | 5,506 |
| **Change in trade and other receivables** | | **14,395** | **(111,549)** |

| | Note | 2020-21 | 2019-20 |
|---|---|---|---|
| | | £'000 | £'000 |
| Movement in short term payables | 8 | 7,152 | 23,511 |
| Movement in long term payables | 8 | 45,318 | - |
| Non cash movements from transfers of function | 15 | - | - |
| Deemed settlement of the intragroup liability | TpEq | - | 23,981 |
| **Change in trade and other payables** | | **52,470** | **47,492** |

| | Note | 2020-21 | 2019-20 |
|---|---|---|---|
| | | £'000 | £'000 |
| Depreciation and amortisation | 5, 5a | 13,633 | 13,416 |
| Provisions | 10 | 16,046 | (1,749) |
| Other non cash | 3 | 85,729 | - |
| External auditor's remuneration | 3 | 195 | 120 |
| Transfer of function | 15 | - | - |
| Capital Grant in kind asset transfer | | - | 15 |
| **Total non-cash expenditure** | | **115,603** | **11,802** |

# 18. RELATED PARTY TRANSACTIONS

GPA is an executive agency of and sponsored by, the Cabinet Office which is regarded as a related party. During the year, GPA has had material transactions with the Cabinet Office and other entities for which the Cabinet Office is regarded as the parent Department including Crown Commercial Services.

In addition, GPA has received transferred assets, rental income and non-rental income from onboarded clients. Assets have been transferred from a number of other Departments and Government bodies, the largest of these being by FCDO, DfE, DHSC, Land Registry, UKRI and DIT. The most significant income has been received from BEIS, the Cabinet Office, CPS, DIT and DfE.

No guarantees were given or received from any of the outstanding balances.

Details of remuneration for Board members can be found in the Remuneration Report section of the Accountability Report. Non-Executive and Executive Board members must declare to the Accounting Officer and Board any personal or business interest which may, or may be perceived to, influence their judgement as a Board member.

As referred to in the Directors' report, the GPA holds a register of interests for Board members and each interest is assessed to determine whether this represents a conflict. During the year no Board member, key manager or other related parties, other than those mentioned, have undertaken any material transactions with the GPA.

Pat Ritchie, GPA Chair, is also CEO of Newcastle County Council which could be considered a conflict due to her position. Pat absents herself from any decisions or discussions related to Newcastle County Council.

As discussed in the Governance Statement, Mike Green's position as Chief Operating Officer at the Department for Education has also been recorded as a potential conflict. Mike will absent himself from any decisions pertaining to the department.

# 19. EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of IAS 10 Events after the reporting period are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. Inter-departmental transfers for the following properties were issued in May 2021 with an effective transfer date of 1 April 2021.

| Department | Building | Address | Net Book Value £'000s |
|---|---|---|---|
| The Wales Office | Gwydyr House | 61 Whitehall, Westminster, London | 5,000 |
| Home Office | Aragon Court | Northminster, Peterborough | 3,535 |
| Home Office | Smedley Hydro | Trafalgar Road, Birkdale, Southport | 2,850 |



All photos were taken within COVID-19 secure conditions, in accordance with guidance at the time of shooting.

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